



***CITY OF RYE, NEW YORK
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008***

***Prepared by the
Department of Finance
Joseph S. Fazzino Jr., Deputy City Comptroller***



CITY SEAL

The official City Seal displays the three significant dates in Rye history:

1660 - when the community was first settled, illustrated by a peace pipe,
1904 - the year Rye became a village, showing a torch of progress, and
1942 - the date Rye became a City.

The ship in the center is copied from the seal of Rye, England.

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STATISTICAL SECTION (Unaudited)
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This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reveals about the City's overall financial health.

This section includes the following schedules:

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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INTRODUCTORY SECTION

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City of Rye, New York
List of Elected and Appointed Officials
December 31, 2008

Elected Officials

Steven Otis, Mayor

Andrew C. Ball, Council Member

Mack Cunningham, Council Member

Paula Gamache, Council Member

Catherine Parker, Council Member

George S. Pratt, Council Member

Joseph Sack, Council Member

Appointed Officials

O. Paul Shew, City Manager

Michael A. Genito, Assistant City Manager/City Comptroller

Scott D. Pickup, Assistant City Manager

Kevin J. Plunkett, Corporation Counsel

George J. Mottarella, City Engineer

Dawn Nodarse, City Clerk

Noreen Whitty, City Assessor

Christian Miller, City Planner

Vincenzo Tamburro, Building Inspector

William R. Connors, Police Commissioner

George Hogben, Fire Chief

James Dianni, Fire Inspector

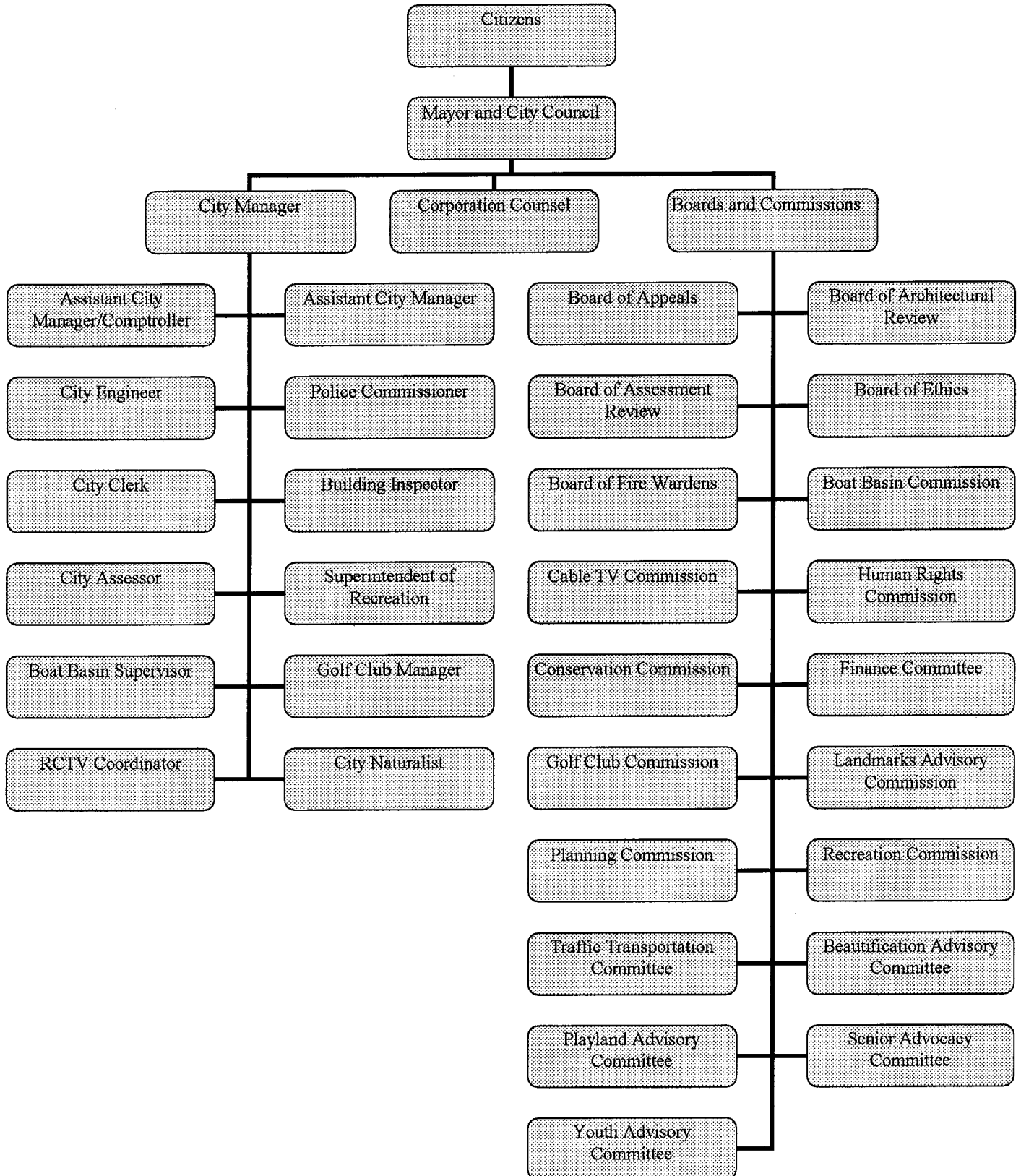
Sally Rogol, Superintendent of Recreation

Peter Fox, Boat Basin Supervisor

Scott Yandrasevich, Golf Club Manager

Nicole Levitsky, RCTV Coordinator

City of Rye, New York Organizational Chart





Joseph S. Fazzino
Deputy Comptroller
1051 Boston Post Road
Rye, New York 10580-2945

CITY OF RYE
Department of Finance

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<http://www.ryeny.gov>

April 29, 2009

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Rye, New York:

Submitted herewith is the comprehensive annual financial report of the City of Rye, New York ("City") as of and for the year ended December 31, 2008.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this comprehensive annual financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Bennett Kielson Storch DeSantis, The Government Services Division of O'Connor Davies Munns & Dobbins LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City of Rye, New York

The City of Rye is located in Westchester County, New York, on the Long Island Sound, approximately twenty-five miles north of New York City. Founded in 1660, it became a village in 1904, and was incorporated as a city in 1942. The City's gentle and sophisticated country setting, conveniently located near a major metropolis, has earned it the reputation of being a highly desirable place to live. The City consistently makes the list of *Worth Magazine's* "250 Richest Towns", and its amenities have been featured in *The New York Times*.

The City maintains 71 miles of streets and roads, 53 miles of sanitary sewer lines; six pump stations, and 30 miles of storm drains within the borders of its six square miles. City-owned buildings include city hall, a police station, two firehouses, recreation facilities including a recreation center and other buildings, public works facilities consisting of offices, garages, and material storage buildings, a museum, a nature center, an arts center, marina offices and garages, and several buildings belonging to our golf club, including a historic "castle" (circa 1858) overlooking the golf course and Long Island Sound. The City prides itself in its maintenance and preservation of open space, with several parks and playgrounds for both passive and active recreation.

The United States Census Bureau's *Census 2000* reports that the City has a per capita income of \$76,566 and a median household income of \$110,894. The median family income is \$133,231, with 37% of families having an income of \$200,000 or more. The *Census 2000* population count was 14,955, and the most recent (July 1, 2007) Census Bureau estimate of the City's population is 15,242.

On November 3, 1959 an amendment to the City Charter was approved by public referendum to create the position of City Manager. Since that time, the City has operated under the Council-Manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of the Mayor and six other members. The City Council appoints the City Manager and the Corporation Counsel; supervises the work of all boards, commissions and officers appointed by the City Council, and awards all contracts for public works requiring competitive bidding. The Mayor serves as head of the City government; appoints City judges subject to approval by the City Council; designates chairpersons of boards and commissions, and unless otherwise provided by law or the City Council, executes deeds, contracts and other documents. City Council members, including the Mayor, each serve a four-year term of office, and are elected to office by registered voters authorized to vote in City elections.

The City Manager is the chief administrative officer of the City, and is responsible for all city affairs placed in his or her charge. The City Manager appoints all department heads and their subordinates, with the exception of the Corporation Counsel, firefighters, and police officers. With the advice and assistance of the City Comptroller, the City Manager prepares and submits to the City Council the annual tentative budget. The City Manager has control and supervision over purchasing, except for competitive bidding as required

by law. The City Manager serves at the pleasure of the City Council for an indefinite term.

The City Comptroller serves at the pleasure of the City Manager for an indefinite term. All other department heads and employees serve terms subject to various laws, employment contracts, labor agreements and/or the provisions of Civil Service Law.

The City provides a full range of services. General government services include vital statistics (birth and death certificates); business and occupational licenses, and a variety of other permits and licenses required under state or local law. Public safety is provided through a full-time police department; a fire department comprised of paid and volunteer firefighters, an ambulance/EMS services contracted through a local volunteer ambulance corps and building inspections provided by the building department. Transportation services include engineering, street maintenance and administration, snow removal, street lighting, and off-street parking. Recreational services include recreation activities (camps, athletics, tennis, youth and adult activities), parks and playgrounds, marina services, a golf course, a municipal pool, and a nature center. Home and community services includes community planning, conservation, emergency disaster, maintenance of sewers and drains, street cleaning, solid waste and recycling, community beautification and shade tree maintenance. Cultural services include library services contracted through a local library, an art center owned by the City but operated by an independent not-for-profit organization, and two government access cable television channels operated by the City.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations, revenue estimates for the forthcoming year, and a forecast of current year revenues and expenditures to the City Comptroller, on or before August 31 of each year. The City Comptroller reviews these submissions with the departments to ensure that the current forecasts are reasonable, and that the forthcoming year's appropriation requests and revenue estimates are clearly understood. The finance department, under the direction of the City Comptroller, completes the forecasts, appropriations, and revenue estimates for those items not specifically associated with a department, such as general revenues, internal service fund charges, interfund charges, and debt service requirements. When all of this information has been compiled and reviewed, the City Comptroller submits the entire set of requests and estimates to the City Manager, usually within the second week of September. The City Manager will meet with departments and the City Comptroller throughout the months of September and October to review the submissions, making adjustments as required or desired to meet the objectives that may have been expressed or implied by the City Council. In accordance with §C21-2 of the City Charter, the City Manager must present a tentative budget to the City Council on or before November 7th. Prior to a public hearing on the tentative budget, the City Council may make any changes to the tentative budget by a vote of at least four council members. After considering the tentative budget, the City Council publishes a notice of public hearing on the tentative budget to be held no later than the first Wednesday in December of the current year, and with at least ten days' notice. After the public

hearing, the City Council may adopt the budget without amendment, or, may continue to amend the budget, except for those items required by law or for debt service. Amendments that would increase the estimated revenues or total appropriations require five affirmative votes of the City Council. The City Council must adopt the budget and set the property tax rate for the forthcoming year on or before December 31 of the current year. If the City Council fails to adopt the budget by December 31, the tentative budget as amended by the City Council becomes the adopted budget. If no amendments to the tentative budget had been made by the City Council, the tentative budget as submitted by the City Manager becomes the adopted budget. Throughout the year, the City Manager is authorized to make amendments between any accounts within a fund, provided that the amendments do not increase total estimated revenues or total appropriations. Amendments between funds or those that would increase total estimated revenues or appropriations must be made by resolution of the City Council. The original budget; the budget as amended by fiscal year end; actual results, and variances between the amended budget and actual results for the governmental funds are presented in the governmental funds subsection of this report. It should be noted that multi-year, rather than annual budgets, are adopted for the Capital Projects Fund. This report includes a project-length schedule for all projects within the Capital Projects Fund, including project budget, current year revenues and expenditures, project inception-to-date revenues and expenditures, and available project balance remaining at the end of the current fiscal year.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered in light of the specific environment in which the City operates.

Local Economy

For the City, 2008 proved to be a difficult year economically, primarily due to the change in the overall economy in the last quarter. The first three quarters of the year appeared to be normal, though showing some signs of weakness in interest, and mortgage tax revenues. However, the last quarter of 2008 proved to be the beginning of a significant economic slow down for the City, along with rest of the country, which has carried over into 2009. Despite this slow down, Moody's Investors Service has continued to assign its highest debt rating (Aaa) to the City's Series 2005 general obligation serial bonds and reaffirmed that rating to all outstanding debt of the City. Taxable assessments remained relatively the same, rising 0.5% (from \$138,401,675 to \$139,073,118), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent roughly 8% of the tax roll, with public utilities representing 2%, commercial establishments 1.5%, and residential properties representing the remaining 4.5%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 145 homes in the City were sold in 2008. Of these, 65.5% sold for \$1 million or more and 30.3% sold for \$2 million or more. The median home sales price

remained flat, from \$1,455,000 in 2007 to \$1,460,000 in 2008, while the average home sales price experienced a slight decrease from \$1,786,000 to \$1,746,000. The highest 2008 sales price reported for a single-family home was \$6.6 million.

Major employers with facilities located in the City enhance its economic strength by providing a wide variety of industries, including business services, electric and gas utilities, social services, primary metal industries, educational services, insurance services, investment banking and miscellaneous retail operations. The distribution of the assessment roll for the current fiscal year, five years' and ten years' previous demonstrates a relative economic stability of the City over time:

Assessment Roll Classification			
Class	2008	2003	1999
Residential	71.68%	69.31%	68.52%
Business	12.99%	14.10%	14.75%
Other	15.33%	16.59%	16.73%
Total	100.00%	100.00%	100.00%

Note: Residential includes one to three-family homes, condominiums, cooperative apartments, and apartments. Business includes commercial, industrial, and recreational facilities. Other includes agriculture, vacant land, community service, utility, wetland and parkland, most of which is exempt from property taxes.

Access to employment in New York City is readily available by car or mass transit (train or bus), with Interstate Route 95, Interstate Route 287, U.S. Route 1, and the Metro-North commuter train line intersecting in the City. Westchester County Airport is a short drive from the City. Two major international airports (John F. Kennedy and LaGuardia) are located within 30 miles and Newark International Airport lies within 45 miles of the City.

Economic data for the City from the *Census 2000* compares quite favorably against the Westchester County, New York State, and national figures:

Data Item	City of Rye	Westchester County	New York State	United States
Per Capita	\$76,566	\$36,726	\$23,389	\$21,587
Median Household	\$110,894	\$63,582	\$43,393	\$41,994
Median Family	\$133,231	\$79,881	\$51,691	\$50,046
Unemployment Rate	1.1%	2.8%	4.3%	3.7%

While the 2008 unemployment rate is not available for the City as a unit, the 2008 Westchester County rate of 5.7% continues to remain favorable against the 2008 rates for New York State (8.4%) and the United States (5.8%).

Long-term Financial Planning

The City publishes documents that assist in its long-term financial planning, including the *Financial Trends Report* (a ten-year historical trend analysis report of key financial indicators and ratios) and a five-year *Capital Improvement Plan*. These documents are available for review in City Hall, in the Rye Free Reading Room, and on the City's website (<http://www.ryeny.gov>).

Over the past year, we have seen a sharp drop in the federal funds rate (from 4.5% to 1%), with the possibility of further reductions. This will continue to have a significant impact on our interest earnings. The collapse of major banks and lending institutions has materially affected our mortgage tax receipts (from fewer home sales) and building permit revenues (from less construction activity). State aid may also be cut as the State attempts to close its own budget shortfalls. The volatility of commodity markets could mean that broad and sweeping changes in our assumed costs of materials and supplies could increase our costs. Market liquidity, interest rates, and consumer confidence could have a profound effect on our outlook for sales and use taxes, mortgage taxes, and building permits revenues. We believe that 2009 is a year that requires responsible planning for 2010 and beyond, with a keen eye towards maintaining core services and preserving capital for future needs.

Relevant Financial Policies

The City has adopted a *Comprehensive Financial Policy Document*, which is available in City Hall, the Rye Free Reading Room, and on the City's website. This document contains all of the City's adopted financial policies, including budget, cash management and investment, capital assets, debt management, revenues and expenditures, operating position, and procurement/purchasing. This document is reviewed at least annually, and as needed to incorporate applicable recommended practices.

The City prepares its budgets, capital improvement plans, and forecasts with the various financial policies in mind, and operates in compliance with the policies. The City does not foresee any issues with its ability to comply with the current policies in the implementation of its near and long-term initiatives.

Major Initiatives

A number of major flood mitigation and transportation projects are scheduled to begin in 2009. These include the reconstruction and improved floodway clearance of the Central Avenue Bridge, and the reconstruction of the retaining walls along Theodore Fremd Avenue and Elm Place. These structures were destroyed in the Nor'easter of April 15, 2007, and it is anticipated that each project will approach or exceed \$1 million in costs.

Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2007. This was the twelfth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

The City also received the GFOA's *Distinguished Budget Presentation Award* for its fiscal 2008 annual budget document, making it the eighth consecutive year that the City received the award. In order to qualify for this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated services of the entire finance department staff and the assistance of all City departments concerning information specific to their operations. We thank our City Manager for his support and guidance in helping us achieve the goals and objectives of the City. Our gratitude is extended to our Mayor and City Council, who continuously strive to enhance the quality of life for our citizens. The input from our independent auditor, Bennett Kielson Storch DeSantis, The Government Services Division of O'Connor Davies Munns & Dobbins, LLP, was invaluable, and we commend them on their timely and professional completion of our audit.

Most importantly, our heartfelt thanks go to the citizens and residents, for giving us the opportunity to serve our fine City.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Fazzino', with a long horizontal line extending to the right.

Joseph S. Fazzino
Deputy Comptroller

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rye
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



President

Executive Director

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FINANCIAL SECTION

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O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
of the City of Rye, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rye, New York as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year's comparative information has been derived from the City's 2007 financial statements and, in our report dated June 25, 2008 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rye, New York as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bennett Kielson Storch DeSantis Division

One Barker Avenue, White Plains, New York 10601 914.421.5600 tel 914.421.5099 fax www.odmd.com

As described in Note 3,H to the basic financial statements, the City of Rye, New York adopted the provisions of Governmental Accounting Standards Board Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*" as of and for the year ended December 31, 2008.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rye, New York's basic financial statements. The accompanying financial information listed as combining and individual fund financial statements and schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Rye, New York. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information listed in the statistical section has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on it.

Bennett Kielson Storch DeSantis

**The Government Services Division of
O'Connor Davies Munns & Dobbins, LLP**
April 22, 2009

Management's Discussion and Analysis ("MD&A")

As management of the City of Rye, New York ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

Financial Highlights

- ❖ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$69,107,836. Of this amount, \$4,933,791 may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ The City's total net assets decreased by \$3,876,463.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$11,712,658 of which \$8,067,014 is available for spending at the City's discretion.
- ❖ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,736,075 or 27% of total General Fund expenditures.
- ❖ The City's total bonded debt decreased 5.5% from \$20,075,000 to \$18,970,000 during the current fiscal year, representing \$1,105,000 in principal payments made during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: government-wide financial statements; fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing changes in the City's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example,

uncollected taxes, earned but unused vacation leave and other post employment benefit obligations).

Both of the government-wide financial statements distinguish functions of the City that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the City that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the City include general government, public safety, transportation, culture and recreation, and home and community services. The business-type activities of the City include the DePauw Municipal Boat Basin and the Rye Golf Club. The government-wide financial statements can be found on the pages immediately following this MD&A.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds: the General Fund, the Cable TV Special Revenue Fund, the K.T. Woods Permanent Fund, the Debt Service Fund and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds. Information from the other nonmajor governmental funds is combined into a single, aggregated presentation. Individual

information on each of these funds is provided in the form of combining statements and schedules found elsewhere in this report. The City adopts annual budgets for the General Fund, Cable TV Fund, K.T. Woods Permanent Fund, and Debt Service Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets. Multi-year budgets are adopted for the Capital Projects Fund, and a project-length schedule that provides information concerning these projects and their budgets is included elsewhere in this report.

Proprietary Funds

The City maintains two types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its marina (the DePauw Municipal Boat Basin) and golf course (the Rye Golf Club) operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general liability insurance coverage (the Risk Retention Fund), and the acquisition, operation, maintenance, and disposition of its buildings and vehicles (the Building and Vehicle Maintenance Fund). These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type, functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Boat Basin Fund and the Golf Club Fund, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements are presented in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City maintains only one type of fiduciary fund that is known as an agency fund. The City holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government. The agency fund financial statements are presented in this report.

Notes to Financial Statements

The notes to financial statements are an integral part of those statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining statements referred to earlier in connection with the nonmajor governmental funds and the two internal service funds are presented immediately following the basic financial statements. Combining and individual fund statements and schedules can be found elsewhere in this report.

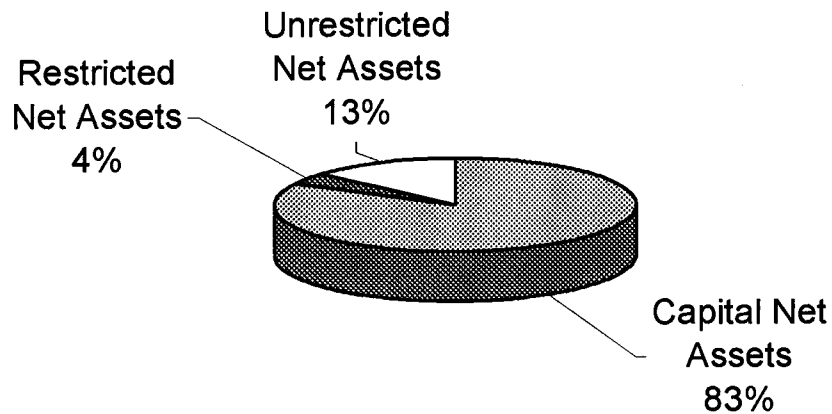
Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$69,107,836 at the close of the most recent fiscal year. Of this amount, 83% (\$57,140,672) reflects the City's investment in capital assets (land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure), net of depreciation and any related outstanding debt. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

	Net Assets					
	December 31, 2008			December 31, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 19,771,506	\$ 5,813,106	\$ 25,584,612	\$ 23,425,187	\$ 5,127,093	\$ 28,552,280
Capital Assets	<u>68,796,468</u>	<u>12,273,386</u>	<u>81,069,854</u>	<u>66,863,465</u>	<u>11,735,310</u>	<u>78,598,775</u>
Total Assets	<u>88,567,974</u>	<u>18,086,492</u>	<u>106,654,466</u>	<u>90,288,652</u>	<u>16,862,403</u>	<u>107,151,055</u>
Current Liabilities	6,617,050	960,359	7,577,409	5,980,802	342,781	6,323,583
Long-term Liabilities	<u>26,252,353</u>	<u>3,716,868</u>	<u>29,969,221</u>	<u>24,026,579</u>	<u>3,816,593</u>	<u>27,843,172</u>
Total Liabilities	<u>32,869,403</u>	<u>4,677,227</u>	<u>37,546,630</u>	<u>30,007,381</u>	<u>4,159,374</u>	<u>34,166,755</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	48,067,286	9,073,386	57,140,672	45,961,185	8,265,309	54,226,494
Restricted	2,697,494	-	2,697,494	2,849,549	-	2,849,549
Unrestricted	<u>4,933,791</u>	<u>4,335,879</u>	<u>9,269,670</u>	<u>11,470,537</u>	<u>4,437,719</u>	<u>15,908,256</u>
Total Net Assets	<u>\$ 55,698,571</u>	<u>\$ 13,409,265</u>	<u>\$ 69,107,836</u>	<u>\$ 60,281,271</u>	<u>\$ 12,703,028</u>	<u>\$ 72,984,299</u>

An additional portion of the City's net assets (\$2,697,494) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,269,670) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive net asset balances in all three categories of net assets: the government as a whole, governmental activities, and business-type activities.

Net Assets Distribution December 31, 2008

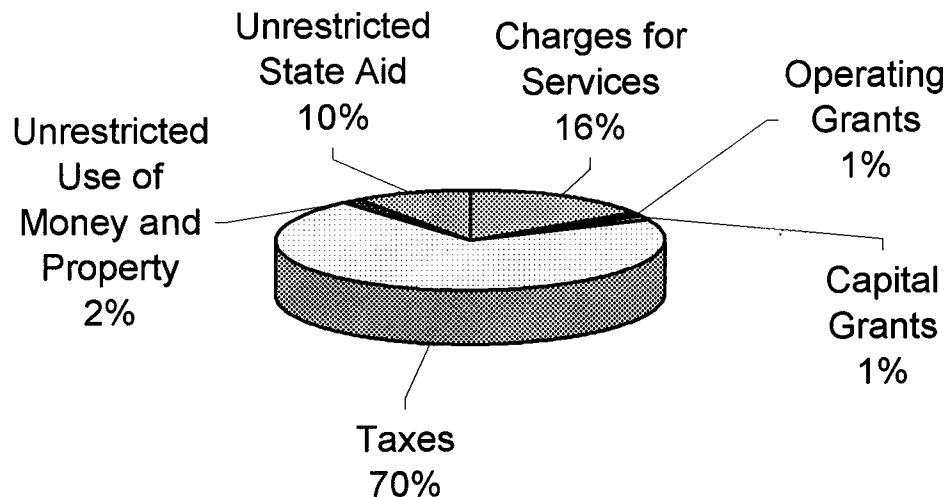


Governmental Activities

Governmental activities decreased the City's net assets by \$4,582,700. Major revenues received included:

- ❖ \$18,331,970 in real property taxes
- ❖ \$2,050,609 in sales and use taxes
- ❖ \$177,338 in hotel occupancy taxes
- ❖ \$415,119 in utilities gross receipts taxes
- ❖ \$490,398 from interest and investment income, and rental of property and
- ❖ \$2,941,169 in state aid not restricted to specific programs.

Revenues by Source - Governmental Activities



Revenues from charges for services were \$4,734,773. Governmental programs received \$359,038 in operating grants, and \$398,386 in capital grants, as follows:

- ❖ \$285,677 in state aid for road improvements
- ❖ \$47,002 in federal aid for improvements to our sewer system
- ❖ \$33,075 in street opening deposits for sidewalk improvements
- ❖ \$32,632 in capital interest

	Changes in Net Assets					
	Year Ended December 31, 2008			Year Ended December 31, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,734,773	\$ 7,829,681	\$ 12,564,454	\$ 4,619,282	\$ 7,567,053	\$ 12,186,335
Operating Grants and Contributions	359,038	-	359,038	660,091	-	660,091
Capital Grants and Contributions	398,386	317,500	715,886	622,728	3,826	626,554
General Revenues:						
Real Property Taxes	18,331,970	-	18,331,970	17,838,489	-	17,838,489
Non-Property Taxes	2,643,066	-	2,643,066	2,622,734	-	2,622,734
Unrestricted Use of Money and Property	490,398	121,845	612,243	1,195,960	254,376	1,450,336
Unrestricted State Aid	2,941,169	-	2,941,169	3,415,249	-	3,415,249
Other General Revenues	87,337	-	87,337	50,304	-	50,304
Total Revenues	29,986,137	8,269,026	38,255,163	31,024,837	7,825,255	38,850,092
Expenses:						
General Government	4,852,832	-	4,852,832	4,287,175	-	4,287,175
Public Safety	14,573,551	-	14,573,551	10,763,060	-	10,763,060
Community Environment	-	-	-	8,215,438	-	8,215,438
Transportation	5,105,678	-	5,105,678	-	-	-
Culture and Recreation	4,201,625	-	4,201,625	3,700,558	-	3,700,558
Home and Community Services	5,177,171	-	5,177,171	-	-	-
Interest	657,980	-	657,980	725,075	-	725,075
Boat Basin	-	589,804	589,804	-	481,837	481,837
Golf Club	-	6,972,985	6,972,985	-	6,814,432	6,814,432
Total Expenses	34,568,837	7,562,789	42,131,626	27,691,306	7,296,269	34,987,575
Change in Net Assets	(4,582,700)	706,237	(3,876,463)	3,333,531	528,986	3,862,517
Net Assets - Beginning	60,281,271	12,703,028	72,984,299	56,947,740	12,174,042	69,121,782
Net Assets - Ending	\$ 55,698,571	\$ 13,409,265	\$ 69,107,836	\$ 60,281,271	\$ 12,703,028	\$ 72,984,299

The \$1,038,700 decrease in total governmental activities revenues from the prior year is the result of the combination of the following factors:

- ❖ Real property taxes increased by \$493,481 primarily as the result of an increase to the tax levy, offset by tax certiorari judgments for 2008.
- ❖ Interest income decreased by \$473,000 primarily as a result of decreased interest rates.

- ❖ Operating and Capital grants and contributions decreased \$525,395 primarily as a result of state and federal aid received in 2007 to address the severe flooding situation that occurred in March/April 2007 and decreases in federal aid for water quality capital projects in 2007.
- ❖ Unrestricted state aid decreased \$474,080 which can be attributed to a decrease in state aid – mortgage tax, due to the declining real estate market.

The \$6,877,531 increase in total governmental activities expenses from the prior year is the result of several factors including 1) the first-time accrual of the liability for other post employment benefits (“OPEB”) obligations in accordance with Governmental Accounting Standards Board Statement No. 45, which accounted for \$2,952,861 of the increase, 2) salary increases due under collective bargaining agreements, 3) increases in hospitalization and medical costs, and workers’ compensation costs, 4) increases in certain contractual costs (contract agency costs and internal fund service charges) and 5) tax certiorari payments were \$481,873 more than 2007, due to two large settlements.

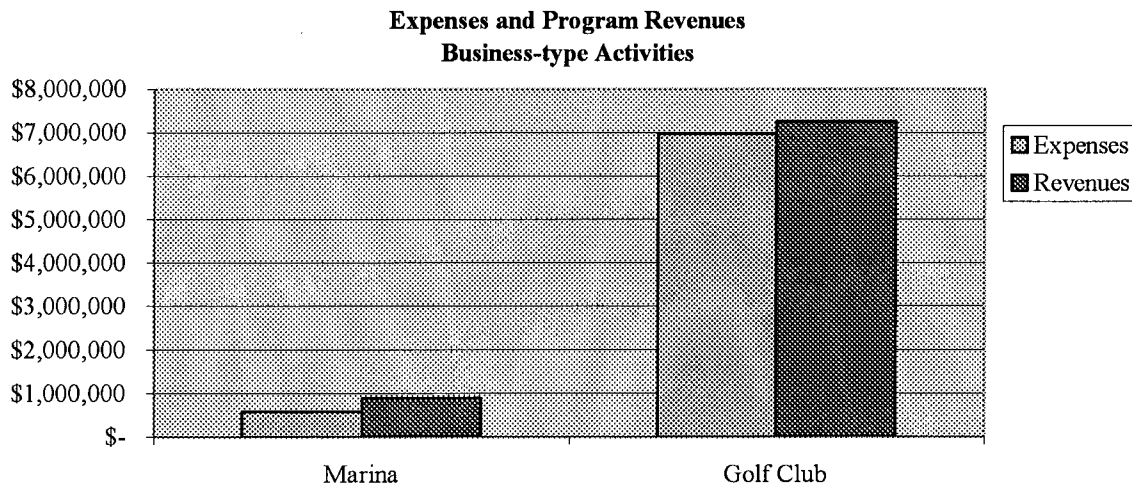
Business-type Activities

Business-type activities increased the City’s net assets by \$706,237 representing any growth in the City’s net assets.

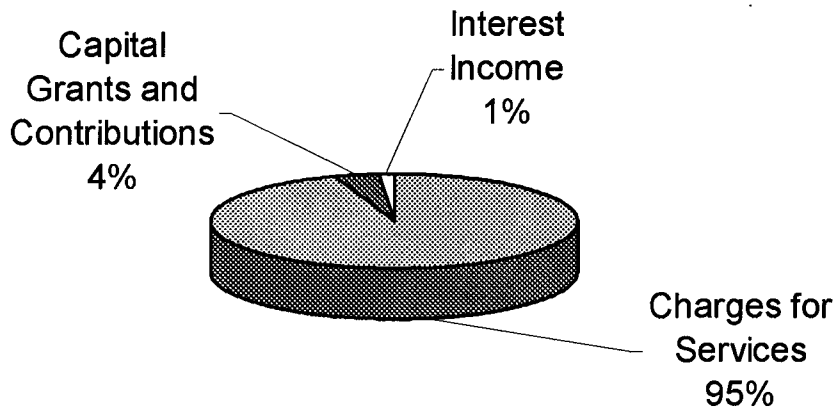
Revenues from charges for services were \$565,473 from marina operations and \$7,264,208 from golf club operations. Combined, the business-type activities earned \$121,845 in interest and investment income. In addition, \$317,500 in capital grants was recorded for the dredging project at the Marina.

Offsetting these revenues were expenses of \$589,804 for marina operations and \$6,972,985 for golf club operations.

Total business-type activities revenues increased from the prior year by \$443,771 while expenses increased by \$266,520.



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$11,712,658, a decrease of \$2,224,518 (15.9%) from the prior year. Approximately 69% (\$8,067,014) of the total ending fund balances constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it represents one or more of the following: prepaid expenditures, long-term receivables; committed to liquidate purchase orders of the prior period, dedicated for the payment of debt service, provided for the payment of leave time earned but not used by employees, or restricted in its use under the terms of a trust agreement.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7,736,075 representing 70% of the total General Fund balance of \$11,000,377. Two useful measures of liquidity are the percentage of unreserved fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 27% unreserved fund balance to total expenditures, and a 38% total fund balance to total expenditures.

The General Fund's fund balance decreased by \$2,309,494 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$2,351,021. Transfers in of \$21,304 from the Capital Projects Fund were offset by \$2,372,325 of transfers out as follows: \$139,532 transferred to the Debt Service Fund for long-term debt principal and interest requirements; \$1,337,793 to the Capital Projects Fund for infrastructure projects, and \$895,000 to the Building and Vehicle Maintenance Fund for improvements to city-owned buildings and vehicle purchases. Operating revenues of the General Fund exceeded operating expenditures of that fund by \$41,527. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased from \$17,849,808 to \$18,272,135 (2.4%), which reflects our 3.34% tax rate increase, coupled with an increase in payments in lieu of taxes offset by reductions in penalties collected on delinquent tax payments and refunds to taxpayers due to tax certiorari settlements.
- ❖ Non-property taxes increased \$20,332 (0.8%) from \$2,622,734 to \$2,643,066 with increases in utilities tax receipts offset by slight decreases in sales and use taxes from retail sales and hotel occupancy taxes.
- ❖ Charges for services increased slightly, from \$1,282,324 to \$1,329,874 (3.7%). This \$47,550 increase is a result of \$58,873 in sidewalk repair charges in 2008 (compared to no revenue from this source in 2007), net of increases and decreases in other charges for services.
- ❖ Interest and investment income decreased \$473,034 (52.4%) from \$902,166 to \$429,132 due to a dramatic fall in interest rates, which were less than 1% by the end of 2008, as well as lower cash balances available for investment, due to the funding of projects that had yet to receive authorized bonding or state and federal aid as well as a reduction of the fund balance.
- ❖ Licenses and permit revenues decreased \$310,083 (15.4%) from \$2,007,750 to \$1,697,667, which can be attributed predominantly to decreased sales of building and alteration permits as a result of the slumping real estate market.
- ❖ Fines and forfeitures increased \$105,817 (22.2%) from \$477,209 to \$583,026, as a result of increased enforcement of parking violations.
- ❖ Miscellaneous revenues decreased \$52,479 (27.9%) attributable to decreases in Medicare Part D subsidies and refunds of prior year expenditures.
- ❖ Mortgage tax revenues decreased \$512,293 (23.9%) from \$2,141,475 to \$1,629,182 due to the declining real estate market and a decline in refinancing activity.
- ❖ Salaries and wages increased \$719,694 (6.1%) from \$11,703,051 to \$12,422,745 reflecting contracted increases.
- ❖ Equipment purchases increased \$54,906 (25.1%) from \$218,516 to \$273,422. The most significant increases are found in computers, firefighting equipment and miscellaneous office equipment.
- ❖ Materials and supplies increased \$338,940 from \$1,936,896 to \$2,275,836. This can be attributed to an increase in tax certiorari payments of \$481,873, due to two large settlements, offset by a decrease in building repairs and maintenance of \$153,411.

- ❖ Contractual costs increased \$256,094 (3.7%) from \$6,879,659 to \$7,135,753, with increases in contract agency costs of \$168,507 and internal service fund charges of \$91,437 accounting for the bulk of the increase.
- ❖ Employee benefits increased \$1,910,241 (40.7%) from \$4,698,677 to \$6,608,918. Increases in hospitalization and medical costs (\$1,482,196), workers' compensation costs (\$303,090) and FICA expense (\$66,327) contributed most to the increase.

The Capital Projects Fund closed the fiscal year with a deficit fund balance of \$1,646,543, with six projects, namely the Kirby Lane Sewer, Kirby Lane Water/Gas Lines, North Kirby Lane Drain, and the Upper Dogwood Lane Sewer projects along with the Theall Road Reconstruction project and the Elm Place retaining wall project, indicating project deficits of \$2,325,094, \$20,044, \$2,130, \$13,935, \$588,472 and \$21,843 respectively. These project deficits will be eliminated when long-term financing is provided by the issuance of serial bonds authorized for the projects. Capital Projects Fund revenues of \$365,754, expenditures of \$3,515,446 and other financing sources and uses of \$1,337,405 (net) represent only the current fiscal year's portion of total project activity. An itemized project-length schedule of all projects is presented elsewhere in this report.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in greater detail.

Total net assets of the Boat Basin Fund at year-end were \$2,668,848, an increase of \$325,195 from the prior year. Net assets invested in capital assets, net of related debt, were \$1,571,899 and unrestricted net assets of \$1,096,949 represented the balance of net assets. Operating loss of the Boat Basin Fund was \$26,459 (operating revenues of \$565,473 offset by \$591,932 of operating expenses). Interest income of \$34,154 and state aid of \$317,500 made up the balance of total net income.

Total net assets of the Golf Club Fund at year-end were \$10,725,416, an increase of \$352,278 from the prior year. Net assets invested in capital assets, net of related debt, were \$7,501,487 with unrestricted net assets of \$3,223,929 representing the balance of net assets. Golf Club Fund operating expenses of \$6,816,864 offset operating revenues of \$7,264,208 to arrive at operating income of \$447,344. Interest income of \$87,691 offset by \$182,757 of interest expense related to long-term debt made up the balance of total net income.

General Fund Budgetary Highlights

The difference between the original and final amended budget for the General Fund was immaterial for estimated operating revenues: the original budget was \$28,685,723 and the final amended budget \$28,726,586 – a difference of \$40,863 (0.14%). Various amendments to the original budget were adopted by the City Council to reflect the

receipt and use of funds that were unanticipated at the time of budget adoption: \$30,000 in parking fines, \$8,688 in state aid for various programs and \$2,175 in forfeiture of crime proceeds. The actual results realized for the year ended December 31, 2008 exceeded the anticipated amount in the final budget by \$31,617.

The difference between the operating appropriations originally budgeted and in the final amended budget for the General Fund was \$595,178 (\$29,207,614 vs. \$29,802,792), an immaterial change of 2.04%. Excluding contingency, the appropriations budget for general government operations increased \$786,171 and can be attributed to increases for tax certiorari obligations as well as increased costs in the Law and Human Resources departments. The budget for public safety decreased \$192,304 or 1.4% with no one area especially accounting for this change. The transportation and home and community services budgets also remained relatively unchanged from the amounts originally adopted. These two functions were reported under the community environment function in 2007 and, accordingly, these prior amounts were reclassified in 2008 to conform with the current year presentation. The budget for culture and recreation was increased \$310,399, attributed mostly to an increase in operating costs of Rye Town Park (\$142,242), special events (\$115,000) and parks and playgrounds (\$74,147) programs. The actual results realized for the year ended December 31, 2008 were \$1,086,116 less than anticipated in the final budget. These savings were generated in a variety of areas of operations.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2008, net of \$40,644,247 of accumulated depreciation, was \$81,069,854. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- ❖ Docks having a value of \$55,394 were installed at the marina and the marina dredging project added \$918,226 to construction in progress.
- ❖ Capital improvements with a value of \$157,967 were made to the golf course.
- ❖ Police headquarters upgrades were made at a cost of \$155,070.
- ❖ A fuel tank system was installed at a cost of \$179,950.
- ❖ General vehicle and equipment purchases totaled \$366,847.
- ❖ Construction in progress on various City-owned facilities added \$584,257.
- ❖ \$1,035,866 in street improvements, \$38,149 in bridge improvements, \$416,068 in sanitary sewer improvements, \$1,139 in sewer pump station improvements, and \$652,647 in storm sewer improvements were made to the City's infrastructure.

Capital Assets

Asset	December 31, 2008			December 31, 2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 5,321,814	\$ 1,700,408	\$ 7,022,222	\$ 5,321,814	\$ 1,700,408	\$ 7,022,222
Buildings	11,610,334	11,759,480	23,369,814	10,446,627	11,759,481	22,206,108
Improvements	3,846,994	4,011,648	7,858,642	3,667,044	3,853,062	7,520,106
Machinery and equipment	9,158,532	1,192,835	10,351,367	8,941,459	1,138,060	10,079,519
Construction in progress	12,823,937	918,226	13,742,163	11,174,053	-	11,174,053
Infrastructure	59,369,893	-	59,369,893	59,369,893	-	59,369,893
Less - accumulated depreciation	(33,335,036)	(7,309,211)	(40,644,247)	(32,057,425)	(6,715,701)	(38,773,126)
Total (net of depreciation)	\$ 68,796,468	\$ 12,273,386	\$ 81,069,854	\$ 66,863,465	\$ 11,735,310	\$ 78,598,775

Additional information on the City's capital assets can be found in the notes to financial statements.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,970,000. As required by New York State Law, all bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. As a policy, principal and interest on debt issued by the enterprise funds must be repaid solely from revenues of those funds. Of the \$18,970,000 bonded debt outstanding at fiscal year end, \$3,470,000 represented debt of the Golf Club Enterprise Fund.

The City issued no new general obligation debt in fiscal 2008. However, the City did renew a \$2 million bond anticipation note ("BAN") having a one-year maturity to provide short-term funding for the Kirby Lane North Sewer Project.

Known as the "constitutional debt limit", and pursuant to New York State Local Finance Law §104, the City must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At December 31, 2008 the City had exhausted 5.38% of its constitutional debt limit, providing an available debt margin of 94.62% with the authority to issue an additional \$393 million of general obligation long-term debt.

City Charter §C21-9 specifies the amount of debt that can be authorized solely on the adoption of a resolution by the City Council; the amount that can be raised by resolution of the City Council but subject to permissive referendum, and the amount requiring a mandatory referendum. At December 31, 2008, the amount of debt that could be authorized by City Council resolution alone was \$1,342,433 and the amount that could be authorized by City Council resolution subject to a permissive referendum was \$2,180,871. The authorization of all other long-term debt, unless otherwise specifically exempt by law, requires a mandatory referendum.

In 2005 (the most recent review of the City's debt), Moody's Investor Service assigned its highest credit rating ("Aaa") to all City debt.

Additional information on the City's long-term debt can be found in Note 3,H in the notes to financial statements.

Economic Factors and Next Year's Budgets and Rates

According to the United States Bureau of Labor Statistics, the 2008 unemployment rate for Westchester County (unemployment information for the City is unavailable) was 5.7%. This compares favorably with the rate of 8.4% for New York State and the 5.8% national unemployment rate. The 3.8% increase in the Consumer Price Index, not seasonally adjusted, for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2007 to 2008 was the same 3.8% increase recorded for the U.S. city average for the same period.

Although home financing and refinancing rates continued to be low in fiscal 2008, the collapse of major banks and lending institutions has contributed to substantial decreased revenues from mortgage taxes and construction activity. The taxable assessed value of real property in the City increased by 0.5% (\$138,401,675 in 2007 vs. \$139,073,118 in 2008). The median home sales price increased modestly from \$1,455,000 in 2007 to \$1,460,000 in 2008 (<1.0%), while the average home sales price experienced a small decrease from \$1,786,000 to \$1,746,000. City management was also aware that in 2009 there would be increases in certain costs (such as salaries, employee benefits, and insurance). All of these factors were taken into consideration in developing the fiscal 2009 budget.

The City appropriated \$1,950,242 of unreserved fund balance from the General Fund for spending in fiscal 2009, utilizing \$140,000 to fund the contingent account and the balance used to fund the acquisition of capital assets and equipment. The use of this fund balance was within the City's policy of maintaining an unreserved, undesignated General Fund fund balance of at least 5% of annual appropriations. Combined with all other revenues sources, the fiscal 2009 real property tax rate of \$137.38 per \$1,000 taxable assessed value provides funding for all other General Fund appropriations. The tax rate increase from 2008 to 2009 is 4.48% (\$131.49 to \$137.38).

As required by City policy, both enterprise funds (the Boat Basin Fund and the Golf Club Fund) developed their fiscal 2009 user fees and charges to meet or exceed all anticipated costs for that year, including interest on long-term debt, depreciation, the acquisition of capital assets, and administrative charges charged by the General Fund.

Requests for Information

This financial report is designed to provide a general overview of the City of Rye, New York's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Joseph S. Fazzino, Deputy Comptroller, City of Rye, 1051 Boston Post Road, Rye, New York 10580.

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BASIC FINANCIAL STATEMENTS

City of Rye, New York
Statement of Net Assets
December 31, 2008
(With Comparative Amounts for 2007)

	2008		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	9,297,351	260,140	9,557,491
Investments	4,993,444	5,045,711	10,039,155
Taxes receivable	789,481	-	789,481
Accounts receivable	332,412	1,025	333,437
Deposits	28,500	-	28,500
Due from other governments	799,753	317,500	1,117,253
Internal balances	94,804	(94,804)	-
Prepaid expenses	515,336	13,534	528,870
Restricted Assets:			
Cash and equivalents	261,967	270,000	531,967
Investments	2,658,458	-	2,658,458
Capital Assets:			
Land	5,321,814	1,700,408	7,022,222
Buildings	11,610,334	11,759,480	23,369,814
Improvements	3,846,994	4,011,648	7,858,642
Machinery and equipment	9,158,532	1,192,835	10,351,367
Construction in progress	12,823,937	918,226	13,742,163
Infrastructure	59,369,893	-	59,369,893
Less - accumulated depreciation	(33,335,036)	(7,309,211)	(40,644,247)
Total Assets	<u>88,567,974</u>	<u>18,086,492</u>	<u>106,654,466</u>
LIABILITIES			
Accounts payable	438,462	873,830	1,312,292
Accrued liabilities	760,559	-	760,559
Accrued interest payable	647,689	51,039	698,728
Retainage payable	379,631	-	379,631
Bond anticipation notes payable	2,000,000	-	2,000,000
Deposits	493,637	-	493,637
Due to other governments	1,653,762	35,490	1,689,252
Unearned revenues	243,310	-	243,310
Non-current liabilities:			
Due within one year:			
Long-term debt	1,163,462	270,000	1,433,462
Claims payable	401,846	-	401,846
Compensated absences	120,930	8,736	129,666
Due in more than one year:			
Long-term debt	18,917,494	3,200,000	22,117,494
Claims payable	1,607,383	-	1,607,383
Compensated absences	1,088,377	78,626	1,167,003
Other postemployment benefit obligations payable	2,952,861	159,506	3,112,367
Total Liabilities	<u>32,869,403</u>	<u>4,677,227</u>	<u>37,546,630</u>
NET ASSETS			
Invested in capital assets, net of related debt	48,067,286	9,073,386	57,140,672
Restricted for:			
Capital projects	1,324,615	-	1,324,615
Permanent fund:			
Expendable	25	-	25
Nonexpendable	20,000	-	20,000
Special purposes	633,874	-	633,874
Debt service	259,249	-	259,249
Risk retention	459,731	-	459,731
Unrestricted	4,933,791	4,335,879	9,269,670
Total Net Assets	<u>55,698,571</u>	<u>13,409,265</u>	<u>69,107,836</u>

The notes to financial statements are an integral part of this statement.

2007		
Governmental Activities	Business-type Activities	Total
\$ 10,719,448	\$ 2,433,538	\$ 13,152,986
5,621,781	2,462,992	8,084,773
661,198	-	661,198
326,522	1,250	327,772
-	-	-
830,388	-	830,388
115,466	(115,466)	-
1,407,994	84,779	1,492,773
1,645,033	260,000	1,905,033
2,097,357	-	2,097,357
5,321,814	1,700,408	7,022,222
10,446,627	11,759,481	22,206,108
3,667,044	3,853,062	7,520,106
8,941,459	1,138,060	10,079,519
11,174,053	-	11,174,053
59,369,893	-	59,369,893
(32,057,425)	(6,715,701)	(38,773,126)
<u>90,288,652</u>	<u>16,862,403</u>	<u>107,151,055</u>
1,029,523	242,942	1,272,465
673,667	17,756	691,423
465,691	54,570	520,261
302,232	-	302,232
2,000,000	-	2,000,000
390,203	-	390,203
880,896	27,513	908,409
238,590	-	238,590
1,120,793	260,000	1,380,793
369,078	-	369,078
97,945	8,660	106,605
20,080,955	3,470,000	23,550,955
1,476,311	-	1,476,311
881,497	77,933	959,430
-	-	-
<u>30,007,381</u>	<u>4,159,374</u>	<u>34,166,755</u>
45,961,185	8,265,309	54,226,494
1,674,870	-	1,674,870
1,099	-	1,099
20,000	-	20,000
611,751	-	611,751
247,532	-	247,532
294,297	-	294,297
11,470,537	4,437,719	15,908,256
<u>\$ 60,281,271</u>	<u>\$ 12,703,028</u>	<u>\$ 72,984,299</u>

City of Rye, New York
Statement of Activities
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

2008						
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Expenses						
FUNCTIONS/PROGRAMS						
Governmental Activities:						
General government	4,852,832	743,220	62,223	-	(4,047,389)	(4,047,389)
Public safety	14,573,551	1,850,529	135,619	-	(12,587,403)	(12,587,403)
Community environment	-	-	-	-	-	-
Transportation	5,105,678	920,145	36	365,754	(3,819,743)	(3,819,743)
Culture and recreation	4,201,625	1,071,017	161,160	-	(2,969,448)	(2,969,448)
Home and community services	5,177,171	149,862	-	-	(5,027,309)	(5,027,309)
Interest	657,980	-	-	32,632	(625,348)	(625,348)
Total Governmental Activities	34,568,837	4,734,773	359,038	398,386	(29,076,640)	(29,076,640)
Business-type Activities:						
Boat basin	589,804	565,473	-	317,500	-	293,169
Golf club	6,972,985	7,264,208	-	-	291,223	291,223
Total Business-type Activities	7,562,789	7,829,681	-	317,500	584,392	584,392
Total Government	42,131,626	12,564,454	359,038	715,886	(29,076,640)	(28,492,248)
General Revenues:						
Real property taxes				18,331,970	-	18,331,970
Non-property taxes:						
Sales and use taxes				2,050,609	-	2,050,609
Hotel occupancy taxes				177,338	-	177,338
Utilities gross receipts taxes				415,119	-	415,119
Unrestricted use of money and property				490,398	121,845	612,243
Gain on sale of equipment				30,672	-	30,672
Governmental aid not restricted to specific programs				2,941,169	-	2,941,169
Other revenues				56,665	-	56,665
Total General Revenues				24,493,940	121,845	24,615,785
Change in Net Assets				(4,582,700)	706,237	(3,876,463)
Net Assets - Beginning of Year				60,281,271	12,703,028	72,984,299
Net Assets - End of Year				55,698,571	13,409,265	69,107,836

The notes to financial statements are an integral part of this statement.

2007

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
\$ 4,287,175	\$ 505,926	\$ 110,571	\$ -	\$ (3,670,678)	\$ -	\$ (3,670,678)
10,763,060	578,807	110,476	-	(10,073,777)	-	(10,073,777)
8,215,438	2,446,351	351,324	426,178	(4,991,585)	-	(4,991,585)
-	-	-	-	-	-	-
3,700,558	1,088,198	87,720	100,000	(2,424,640)	-	(2,424,640)
-	-	-	-	-	-	-
725,075	-	-	96,550	(628,525)	-	(628,525)
<u>27,691,306</u>	<u>4,619,282</u>	<u>660,091</u>	<u>622,728</u>	<u>(21,789,205)</u>	<u>-</u>	<u>(21,789,205)</u>
481,837	576,693	-	3,826	-	98,682	98,682
<u>6,814,432</u>	<u>6,990,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,928</u>	<u>175,928</u>
<u>7,296,269</u>	<u>7,567,053</u>	<u>-</u>	<u>3,826</u>	<u>-</u>	<u>274,610</u>	<u>274,610</u>
<u>\$ 34,987,575</u>	<u>\$ 12,186,335</u>	<u>\$ 660,091</u>	<u>\$ 626,554</u>	<u>(21,789,205)</u>	<u>274,610</u>	<u>(21,514,595)</u>
				17,838,489	-	17,838,489
				2,079,744	-	2,079,744
				200,303	-	200,303
				342,687	-	342,687
				1,195,960	254,376	1,450,336
				26,977	-	26,977
				3,415,249	-	3,415,249
				23,327	-	23,327
				<u>25,122,736</u>	<u>254,376</u>	<u>25,377,112</u>
				3,333,531	528,986	3,862,517
				<u>56,947,740</u>	<u>12,174,042</u>	<u>69,121,782</u>
				<u>\$ 60,281,271</u>	<u>\$ 12,703,028</u>	<u>\$ 72,984,299</u>

City of Rye, New York
Balance Sheet
Governmental Funds
December 31, 2008
(With Comparative Amounts for 2007)

	2008			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 9,184,874	\$ 4,586	\$ 50,472	\$ 9,239,932
Investments	581,316	277,453	571,866	1,430,635
Receivables:				
Taxes receivable	789,481	-	-	789,481
Accounts receivable	235,047	-	67,512	302,559
Due from other funds	1,895,833	33,809	33,093	1,962,735
Due from other governments	757,365	-	-	757,365
Prepaid expenditures	442,862	-	2,445	445,307
Restricted - Investments	-	1,548,626	20,025	1,568,651
Total Assets	<u>\$ 13,886,778</u>	<u>\$ 1,864,474</u>	<u>\$ 745,413</u>	<u>\$ 16,496,665</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ 236,147	\$ 99,844	\$ 4,072	\$ 340,063
Accrued liabilities	74,244	-	-	74,244
Retainage payable	1,965	223,441	-	225,406
Bond anticipation notes payable	-	2,000,000	-	2,000,000
Deposits	493,637	-	-	493,637
Due to other funds	13,363	1,187,732	29,060	1,230,155
Due to other governments	1,653,762	-	-	1,653,762
Deferred revenues	413,283	-	-	413,283
Total Liabilities	<u>2,886,401</u>	<u>3,511,017</u>	<u>33,132</u>	<u>6,430,550</u>
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	446,521	1,655,034	232,710	2,334,265
Prepaid expenditures	442,862	-	2,445	445,307
Compensated absences	1,132,350	-	5,994	1,138,344
Long-term receivable	408,169	-	-	408,169
Workers' compensation	834,400	-	300	834,700
Debt service	-	-	119,893	119,893
Trust	-	-	20,000	20,000
Unreserved reported in:				
General Fund	7,736,075	-	-	7,736,075
Special Revenue Funds	-	-	191,558	191,558
Permanent Fund	-	-	25	25
Debt Service Fund	-	-	139,356	139,356
Capital Projects Fund	-	(3,301,577)	-	(3,301,577)
Total Fund Balances (Deficits)	<u>11,000,377</u>	<u>(1,646,543)</u>	<u>712,281</u>	<u>10,066,115</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 13,886,778</u>	<u>\$ 1,864,474</u>	<u>\$ 745,413</u>	<u>\$ 16,496,665</u>

The notes to financial statements are an integral part of this statement.

2007

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 9,576,247	\$ 501,596	\$ 27,643	\$ 10,105,486
1,477,667	872,217	463,865	2,813,749
661,198	-	-	661,198
181,332	-	128,905	310,237
1,627,403	4,725	6,521	1,638,649
786,366	-	-	786,366
1,198,150	-	6,077	1,204,227
-	1,914,639	21,099	1,935,738
<u>\$ 15,508,363</u>	<u>\$ 3,293,177</u>	<u>\$ 654,110</u>	<u>\$ 19,455,650</u>
\$ 221,306	\$ 588,202	\$ 13,326	\$ 822,834
57,137	-	-	57,137
-	101,495	-	101,495
-	2,000,000	-	2,000,000
390,203	-	-	390,203
300,222	437,736	13,479	751,437
880,896	-	-	880,896
348,728	-	-	348,728
<u>2,198,492</u>	<u>3,127,433</u>	<u>26,805</u>	<u>5,352,730</u>
304,048	1,641,773	8,945	1,954,766
1,198,150	-	6,077	1,204,227
904,375	-	6,441	910,816
282,925	-	-	282,925
834,400	-	300	834,700
-	-	237,732	237,732
-	-	20,000	20,000
9,785,973	-	-	9,785,973
-	-	336,911	336,911
-	-	1,099	1,099
-	-	9,800	9,800
-	(1,476,029)	-	(1,476,029)
<u>13,309,871</u>	<u>165,744</u>	<u>627,305</u>	<u>14,102,920</u>
<u>\$ 15,508,363</u>	<u>\$ 3,293,177</u>	<u>\$ 654,110</u>	<u>\$ 19,455,650</u>

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City of Rye, New York
Reconciliation of Governmental Funds Balance Sheet to
The Government-Wide Statement of Net Assets - Governmental Activities
December 31, 2008
(With Comparative Amounts for 2007)

	<u>2008</u>	<u>2007</u>
Fund Balances - Total Governmental Funds	\$ 10,066,115	\$ 14,102,920
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	<u>39,785,565</u>	<u>38,001,133</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Real property taxes	<u>169,973</u>	<u>110,138</u>
Internal service funds are used by management to charge the costs of building maintenance, vehicle maintenance, and risk to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>13,472,879</u>	<u>12,569,117</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued liabilities	(462,196)	(206,088)
Bonds payable	(1,404,954)	(1,476,098)
Claims payable	(2,009,229)	(1,845,389)
Accrued interest payable	(42,200)	(63,646)
Compensated absences	(1,138,344)	(910,816)
Other postemployment benefit obligations payable	<u>(2,739,038)</u>	<u>-</u>
	<u>(7,795,961)</u>	<u>(4,502,037)</u>
Net Assets of Governmental Activities	\$ 55,698,571	\$ 60,281,271

The notes to financial statements are an integral part of this statement.

City of Rye, New York
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and related items	\$ 18,272,135	\$ -	\$ -	\$ 18,272,135
Non-property taxes	2,643,066	-	257,894	2,900,960
Charges for services	1,329,874	-	-	1,329,874
Intergovernmental charges	77,799	-	-	77,799
Use of money and property	434,832	-	38,734	473,566
Licenses and permits	1,697,667	33,075	-	1,730,742
Fines and forfeitures	583,026	-	-	583,026
Sale of property and compensation for loss	108,962	-	-	108,962
Interfund revenues	432,050	-	-	432,050
State aid	3,043,197	285,677	-	3,328,874
Federal aid	-	47,002	-	47,002
Miscellaneous	135,595	-	74,412	210,007
Total Revenues	<u>28,758,203</u>	<u>365,754</u>	<u>371,040</u>	<u>29,494,997</u>
EXPENDITURES				
Current:				
General government	4,333,767	-	-	4,333,767
Public safety	12,890,879	-	-	12,890,879
Transportation	3,177,429	-	-	3,177,429
Culture and recreation	3,836,268	-	265,149	4,101,417
Home and community services	4,478,333	-	-	4,478,333
Debt service:				
Principal	-	-	71,144	71,144
Interest	-	69,606	68,387	137,993
Capital outlay:				
General government	-	13,496	-	13,496
Public safety	-	30,401	-	30,401
Transportation	-	2,337,444	-	2,337,444
Home and community services	-	1,064,499	-	1,064,499
Total Expenditures	<u>28,716,676</u>	<u>3,515,446</u>	<u>404,680</u>	<u>32,636,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>41,527</u>	<u>(3,149,692)</u>	<u>(33,640)</u>	<u>(3,141,805)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,304	2,113,524	139,532	2,274,360
Transfers out	(2,372,325)	(776,119)	(20,916)	(3,169,360)
Total Other Financing Sources (Uses)	<u>(2,351,021)</u>	<u>1,337,405</u>	<u>118,616</u>	<u>(895,000)</u>
Net Change in Fund Balances	<u>(2,309,494)</u>	<u>(1,812,287)</u>	<u>84,976</u>	<u>(4,036,805)</u>
Fund Balances -				
Beginning of Year	13,309,871	165,744	627,305	14,102,920
Fund Balances (Deficits) - End of Year	<u>\$ 11,000,377</u>	<u>\$ (1,646,543)</u>	<u>\$ 712,281</u>	<u>\$ 10,066,115</u>

The notes to financial statements are an integral part of this statement.

2007

General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 17,849,808	\$ -	\$ -	\$ 17,849,808
2,622,734	-	246,085	2,868,819
1,282,324	-	-	1,282,324
73,656	-	-	73,656
910,866	-	110,751	1,021,617
2,007,750	27,300	-	2,035,050
477,209	-	-	477,209
67,234	-	-	67,234
430,025	-	-	430,025
3,575,062	241,511	-	3,816,573
265,460	184,667	-	450,127
188,073	-	1,811	189,884
<u>29,750,201</u>	<u>453,478</u>	<u>358,647</u>	<u>30,562,326</u>
3,670,968	-	-	3,670,968
11,324,776	-	-	11,324,776
2,741,825	-	-	2,741,825
3,523,915	-	246,143	3,770,058
4,175,313	-	-	4,175,313
-	-	67,079	67,079
-	-	71,470	71,470
-	27,980	-	27,980
-	16,877	-	16,877
-	865,405	-	865,405
-	2,190,174	-	2,190,174
<u>25,436,797</u>	<u>3,100,436</u>	<u>384,692</u>	<u>28,921,925</u>
<u>4,313,404</u>	<u>(2,646,958)</u>	<u>(26,045)</u>	<u>1,640,401</u>
343,500	2,902,275	138,553	3,384,328
(3,409,403)	(650,775)	(1,200)	(4,061,378)
<u>(3,065,903)</u>	<u>2,251,500</u>	<u>137,353</u>	<u>(677,050)</u>
1,247,501	(395,458)	111,308	963,351
<u>12,062,370</u>	<u>561,202</u>	<u>515,997</u>	<u>13,139,569</u>
<u>\$ 13,309,871</u>	<u>\$ 165,744</u>	<u>\$ 627,305</u>	<u>\$ 14,102,920</u>

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City of Rye, New York
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

	<u>2008</u>	<u>2007</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (4,036,805)	\$ 963,351
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:</p>		
Capital outlay expenditures capitalized	2,074,264	2,123,480
Depreciation expense	<u>(289,832)</u>	<u>(327,191)</u>
	<u>1,784,432</u>	<u>1,796,289</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - Real property taxes</p>		
	<u>59,835</u>	<u>(11,319)</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Principal paid on bonds	<u>71,144</u>	<u>67,079</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Self-insured health benefits	(256,108)	131,623
Claims	(163,840)	(687,830)
Accrued interest	21,446	(50,368)
Compensated absences	(227,528)	17,755
Other postemployment benefit obligations payable	<u>(2,739,038)</u>	<u>-</u>
	<u>(3,365,068)</u>	<u>(588,820)</u>
<p>Internal service funds are used by management to charge the costs of building maintenance, vehicle maintenance and risk to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		
	<u>903,762</u>	<u>1,106,951</u>
Change in Net Assets of Governmental Activities	<u>\$ (4,582,700)</u>	<u>\$ 3,333,531</u>

The notes to financial statements are an integral part of this statement.

City of Rye, New York
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes and related items	18,525,219	18,525,219	18,272,135	\$ (253,084)
Non-property tax	2,510,000	2,510,000	2,643,066	133,066
Charges for services	1,328,834	1,328,834	1,329,874	1,040
Intergovernmental charges	72,245	72,245	77,799	5,554
Use of money and property	755,700	755,700	434,832	(320,868)
Licenses and permits	1,507,285	1,507,285	1,697,667	190,382
Fines and forfeitures	467,700	499,875	583,026	83,151
Sale of property and compensation for loss	70,900	70,900	108,962	38,062
Interfund revenues	427,675	427,675	432,050	4,375
State aid	2,921,365	2,930,053	3,043,197	113,144
Federal aid	-	-	-	-
Miscellaneous	98,800	98,800	135,595	36,795
Total Revenues	<u>28,685,723</u>	<u>28,726,586</u>	<u>28,758,203</u>	<u>31,617</u>
EXPENDITURES				
Current:				
General Government:				
City Council	83,761	83,761	76,033	7,728
City Manager	629,026	639,301	618,824	20,477
Finance Administration	226,626	228,175	224,759	3,416
General Accounting	435,845	518,982	409,173	109,809
Accounts Payable	103,239	50,903	37,437	13,466
Payroll	111,217	72,258	62,371	9,887
Treasury	188,220	664,602	628,004	36,598
Parking Violation Bureau	94,042	118,452	112,831	5,621
Assessor	444,593	415,086	406,211	8,875
City Clerk	371,601	381,973	364,249	17,724
Records Management	57,411	47,848	38,957	8,891
Parking Administration	42,376	42,569	41,709	860
Law	297,645	576,511	572,172	4,339
Human Resources	279,133	382,958	373,865	9,093
Elections	43,158	42,196	33,693	8,503
City Hall Annex	75,724	78,724	78,724	-
Information Technology	410,266	335,755	254,755	81,000
Contingent Account	289,000	-	-	-
Total General Government	<u>4,182,883</u>	<u>4,680,054</u>	<u>4,333,767</u>	<u>346,287</u>

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 17,837,826	\$ 17,837,826	\$ 17,849,808	\$ 11,982
2,489,600	2,489,600	2,622,734	133,134
1,342,914	1,342,914	1,282,324	(60,590)
69,785	69,785	73,656	3,871
705,700	705,700	910,866	205,166
1,345,245	1,345,245	2,007,750	662,505
482,900	482,900	477,209	(5,691)
50,450	50,450	67,234	16,784
428,725	429,725	430,025	300
2,805,015	2,879,630	3,575,062	695,432
-	276,708	265,460	(11,248)
43,500	43,500	188,073	144,573
<u>27,601,660</u>	<u>27,953,983</u>	<u>29,750,201</u>	<u>1,796,218</u>

79,457	89,457	84,897	4,560
757,227	649,609	573,062	76,547
234,679	224,579	206,978	17,601
379,257	390,379	344,839	45,540
122,101	127,449	117,614	9,835
106,251	139,981	126,574	13,407
160,867	185,868	139,413	46,455
113,309	128,909	121,334	7,575
453,605	453,366	395,493	57,873
336,331	334,256	305,463	28,793
54,015	55,737	39,034	16,703
41,625	42,528	35,190	7,338
240,507	436,324	421,380	14,944
299,577	355,601	329,882	25,719
43,336	42,786	26,192	16,594
168,667	168,667	168,667	-
323,862	304,162	234,956	69,206
270,000	-	-	-
<u>4,184,673</u>	<u>4,129,658</u>	<u>3,670,968</u>	<u>458,690</u>

(Continued)

City of Rye, New York
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Public Safety:				
Police Administration	1,056,639	1,218,242	1,193,839	24,403
Police Patrol	5,781,736	5,586,897	5,463,011	123,886
Police Investigations	790,494	724,366	715,027	9,339
Police Marine Patrol	141,418	122,771	117,944	4,827
Police Youth Services	168,328	180,475	175,427	5,048
Parking Enforcement	204,970	256,056	231,356	24,700
School Crossing Guards	117,229	103,540	99,620	3,920
Traffic Control	248,406	213,944	205,062	8,882
Fire Prevention and Suppression	4,253,013	4,136,439	4,046,390	90,049
Animal Control	21,387	21,467	21,465	2
Building	396,324	423,443	405,710	17,733
Ambulance Service	216,028	216,028	216,028	-
Total Public Safety	13,395,972	13,203,668	12,890,879	312,789
Transportation:				
Public Works Administration	985,874	1,013,356	1,000,151	13,205
Engineering	266,981	265,212	263,289	1,923
Street Maintenance	731,373	811,952	801,099	10,853
Snow Removal	857,083	571,747	571,275	472
Street Lighting	294,459	310,168	309,999	169
Off-Street Parking	242,022	246,319	231,616	14,703
Total Transportation	3,377,792	3,218,754	3,177,429	41,325
Culture and Recreation:				
Recreation Administration	394,643	422,529	416,361	6,168
Parks and Playgrounds	412,420	486,567	424,318	62,249
Recreation Center	210,381	213,581	205,968	7,613
Recreation Programs	261,667	239,447	201,538	37,909
Camps	437,616	392,561	377,924	14,637
Athletics	203,462	204,678	177,292	27,386
Tennis	117,428	108,010	96,236	11,774
Special Events	119,595	234,830	107,455	127,375
Adult Recreation	125,915	142,103	132,693	9,410
Rye Youth Council	43,150	43,388	43,388	-
Rye Town Park	90,000	232,242	232,242	-
Southeast Consortium	15,415	17,506	17,427	79
Rye Free Reading Room	1,173,184	1,173,184	1,173,184	-
Square House Museum	76,892	76,895	73,622	3,273
Rye Arts Center	4,792	4,792	4,792	-
Special Facilities Administration	87,678	90,842	84,155	6,687
Rye Nature Center	83,779	85,261	67,673	17,588
Total Culture and Recreation	3,858,017	4,168,416	3,836,268	332,148

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
974,145	992,125	820,089	172,036
5,487,803	5,446,036	4,992,451	453,585
789,406	747,096	597,644	149,452
118,202	169,577	128,997	40,580
157,457	167,567	159,126	8,441
205,561	210,173	161,417	48,756
122,257	122,257	83,849	38,408
240,791	240,755	212,321	28,434
4,042,701	4,042,701	3,599,642	443,059
20,831	20,867	20,866	1
359,034	359,034	340,106	18,928
208,268	208,268	208,268	-
<u>12,726,456</u>	<u>12,726,456</u>	<u>11,324,776</u>	<u>1,401,680</u>
896,753	862,216	785,660	76,556
263,173	262,173	238,076	24,097
649,668	778,497	682,190	96,307
827,652	726,212	604,980	121,232
290,216	267,312	253,661	13,651
240,806	223,236	177,258	45,978
<u>3,168,268</u>	<u>3,119,646</u>	<u>2,741,825</u>	<u>377,821</u>
380,302	374,241	345,900	28,341
361,920	381,031	316,250	64,781
200,226	184,465	168,381	16,084
258,548	241,646	227,367	14,279
387,592	416,830	390,972	25,858
183,858	181,103	149,853	31,250
112,231	120,733	113,478	7,255
116,786	248,287	134,888	113,399
123,892	127,228	98,993	28,235
37,940	46,364	46,364	-
90,000	90,000	90,000	-
14,712	16,655	16,555	100
1,144,570	1,144,570	1,144,570	-
93,547	93,547	92,704	843
5,296	5,296	5,296	-
83,854	84,152	79,733	4,419
115,438	125,240	102,611	22,629
<u>3,710,712</u>	<u>3,881,388</u>	<u>3,523,915</u>	<u>357,473</u>

(Continued)

City of Rye, New York
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Concluded)
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Home and Community Services:				
Planning	274,381	281,381	262,288	19,093
Sanitary Sewers	383,727	380,827	377,812	3,015
Storm Drains	224,770	176,426	173,313	3,113
Refuse and Garbage	1,817,931	1,914,474	1,898,672	15,802
Recycling	556,701	638,123	635,806	2,317
Street Cleaning	87,335	93,605	91,863	1,742
Community Beautification	500,356	526,225	522,796	3,429
Rodent and Insect Control	30,880	57,517	56,815	702
Shade Tree Maintenance	405,239	457,055	454,023	3,032
Conservation	111,630	5,317	3,995	1,322
Emergency Disaster	-	950	950	-
Total Home and Community Services	<u>4,392,950</u>	<u>4,531,900</u>	<u>4,478,333</u>	<u>53,567</u>
Total Expenditures	<u>29,207,614</u>	<u>29,802,792</u>	<u>28,716,676</u>	<u>1,086,116</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(521,891)</u>	<u>(1,076,206)</u>	<u>41,527</u>	<u>1,117,733</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	21,304	21,304
Transfers out	<u>(2,076,332)</u>	<u>(2,442,125)</u>	<u>(2,372,325)</u>	<u>69,800</u>
Total Other Financing Uses	<u>(2,076,332)</u>	<u>(2,442,125)</u>	<u>(2,351,021)</u>	<u>91,104</u>
Net Change in Fund Balance	<u>(2,598,223)</u>	<u>(3,518,331)</u>	<u>(2,309,494)</u>	<u>1,208,837</u>
Fund Balance - Beginning of Year	<u>2,598,223</u>	<u>3,518,331</u>	<u>13,309,871</u>	<u>9,791,540</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000,377</u>	<u>\$ 11,000,377</u>

The notes to financial statements are an integral part of this statement.

2007

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
279,565	279,565	244,301	35,264
376,312	353,287	317,810	35,477
231,599	230,850	214,102	16,748
1,719,598	1,740,413	1,648,358	92,055
579,073	619,287	563,811	55,476
89,332	101,645	98,733	2,912
510,386	542,529	517,739	24,790
29,757	29,757	12,272	17,485
384,556	351,663	266,426	85,237
62,260	62,260	32,116	30,144
-	351,323	259,645	91,678
4,262,438	4,662,579	4,175,313	487,266
28,052,547	28,519,727	25,436,797	3,082,930
(450,887)	(565,744)	4,313,404	4,879,148
1,200	343,500	343,500	-
(3,087,403)	(3,409,403)	(3,409,403)	-
(3,086,203)	(3,065,903)	(3,065,903)	-
(3,537,090)	(3,631,647)	1,247,501	4,879,148
3,537,090	3,631,647	12,062,370	8,430,723
\$ -	\$ -	\$ 13,309,871	\$ 13,309,871

City of Rye, New York
Statement of Net Assets
Proprietary Funds
December 31, 2008
(With Comparative Amounts for 2007)

	2008			
	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Totals	
ASSETS				
Current Assets:				
Cash and equivalents	\$ 30,718	\$ 229,422	\$ 260,140	\$ 57,419
Investments	1,359,506	3,686,205	5,045,711	3,562,809
Accounts receivable	250	775	1,025	29,853
Deposits	-	-	-	28,500
Due from other funds	469	-	469	-
Due from other governments	317,500	-	317,500	42,388
Prepaid expenses	3,155	10,379	13,534	70,029
Total Current Assets	<u>1,711,598</u>	<u>3,926,781</u>	<u>5,638,379</u>	<u>3,790,998</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and equivalents	-	270,000	270,000	261,967
Investments	-	-	-	1,089,807
Total Restricted Assets	<u>-</u>	<u>270,000</u>	<u>270,000</u>	<u>1,351,774</u>
Capital Assets:				
Land	408	1,700,000	1,700,408	5,321,814
Buildings	341,930	11,417,550	11,759,480	11,610,334
Improvements	1,209,616	2,802,032	4,011,648	3,846,994
Machinery and equipment	73,388	1,119,447	1,192,835	9,158,532
Construction in progress	918,226	-	918,226	8,032,659
Less accumulated depreciation	<u>(971,669)</u>	<u>(6,337,542)</u>	<u>(7,309,211)</u>	<u>(8,959,430)</u>
Total Capital Assets (net of accumulated depreciation)	<u>1,571,899</u>	<u>10,701,487</u>	<u>12,273,386</u>	<u>29,010,903</u>
Total Noncurrent Assets	<u>1,571,899</u>	<u>10,971,487</u>	<u>12,543,386</u>	<u>30,362,677</u>
Total Assets	<u>3,283,497</u>	<u>14,898,268</u>	<u>18,181,765</u>	<u>34,153,675</u>

2007

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 318,885	\$ 2,114,653	\$ 2,433,538	\$ 613,962
1,395,824	1,067,168	2,462,992	2,808,032
250	1,000	1,250	16,285
-	-	-	-
-	-	-	300,485
-	-	-	44,022
14,003	70,776	84,779	203,767
<u>1,728,962</u>	<u>3,253,597</u>	<u>4,982,559</u>	<u>3,986,553</u>
-	260,000	260,000	1,645,033
-	-	-	161,619
-	<u>260,000</u>	<u>260,000</u>	<u>1,806,652</u>
408	1,700,000	1,700,408	5,321,814
341,930	11,417,550	11,759,480	10,446,627
1,154,221	2,698,841	3,853,062	3,667,044
73,388	1,064,672	1,138,060	8,941,459
-	-	-	8,457,039
<u>(896,260)</u>	<u>(5,819,441)</u>	<u>(6,715,701)</u>	<u>(7,971,651)</u>
673,687	11,061,622	11,735,309	28,862,332
673,687	11,321,622	11,995,309	30,668,984
<u>2,402,649</u>	<u>14,575,219</u>	<u>16,977,868</u>	<u>34,655,537</u>

(Continued)

City of Rye, New York
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2008
(With Comparative Amounts for 2007)

	2008			
	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Totals	
LIABILITIES				
Current Liabilities:				
Accounts payable	504,790	369,040	873,830	98,399
Accrued liabilities	-	-	-	224,119
Accrued interest payable	-	51,039	51,039	605,489
Retainage payable	-	-	-	154,225
Due to other funds	14,116	96,158	110,274	622,775
Due to other governments	1,585	33,905	35,490	-
Compensated absences	2,672	6,064	8,736	7,096
Current Liabilities Payable from Restricted Assets:				
Bonds payable	-	270,000	270,000	800,758
Installment purchase contract	-	-	-	288,462
Total Current Liabilities	<u>523,163</u>	<u>826,206</u>	<u>1,349,369</u>	<u>2,801,323</u>
Noncurrent Liabilities:				
Bonds payable	-	3,200,000	3,200,000	13,294,288
Installment purchase contract	-	-	-	4,292,494
Compensated absences	24,047	54,579	78,626	63,867
Other postemployment benefit obligations	<u>67,439</u>	<u>92,067</u>	<u>159,506</u>	<u>213,823</u>
Total Noncurrent Liabilities	<u>91,486</u>	<u>3,346,646</u>	<u>3,438,132</u>	<u>17,864,472</u>
Total Liabilities	<u>614,649</u>	<u>4,172,852</u>	<u>4,787,501</u>	<u>20,665,795</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,571,899	7,501,487	9,073,386	11,686,675
Unrestricted	<u>1,096,949</u>	<u>3,223,929</u>	<u>4,320,878</u>	<u>1,801,205</u>
Total Net Assets	<u>\$ 2,668,848</u>	<u>\$ 10,725,416</u>	<u>13,394,264</u>	<u>\$ 13,487,880</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>15,001</u>	
Net Assets of Business-type Activities			<u>\$ 13,409,265</u>	

The notes to financial statements are an integral part of this statement.

2007

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
4,552	238,390	242,942	206,689
3,465	14,291	17,756	410,442
-	54,570	54,570	402,045
-	-	-	200,737
23,571	78,132	101,703	1,085,994
1,712	25,801	27,513	-
2,570	6,090	8,660	6,863
-	260,000	260,000	773,856
-	-	-	275,793
<u>35,870</u>	<u>677,274</u>	<u>713,144</u>	<u>3,362,419</u>
-	3,470,000	3,470,000	14,095,046
-	-	-	4,580,955
23,126	54,807	77,933	61,763
-	-	-	-
<u>23,126</u>	<u>3,524,807</u>	<u>3,547,933</u>	<u>18,737,764</u>
<u>58,996</u>	<u>4,202,081</u>	<u>4,261,077</u>	<u>22,100,183</u>
673,687	7,591,622	8,265,309	10,943,334
1,669,966	2,781,516	4,451,482	1,612,020
<u>\$ 2,343,653</u>	<u>\$ 10,373,138</u>	<u>12,716,791</u>	<u>\$ 12,555,354</u>

(13,763)

\$ 12,703,028

City of Rye, New York
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
OPERATING REVENUES				
Charges for services	\$ 565,121	\$ 7,257,596	\$ 7,822,717	\$ 4,393,037
Miscellaneous	352	6,612	6,964	49,260
Total Operating Revenues	<u>565,473</u>	<u>7,264,208</u>	<u>7,829,681</u>	<u>4,442,297</u>
OPERATING EXPENSES				
Salaries and wages	203,738	1,255,103	1,458,841	653,057
Employee benefits	157,556	622,448	780,004	556,170
Materials and supplies	38,287	1,866,734	1,905,021	989,841
Contractual costs	116,943	2,554,477	2,671,420	618,655
Depreciation	75,408	518,102	593,510	1,137,553
Total Operating Expenses	<u>591,932</u>	<u>6,816,864</u>	<u>7,408,796</u>	<u>3,955,276</u>
Operating Income (Loss)	<u>(26,459)</u>	<u>447,344</u>	<u>420,885</u>	<u>487,021</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain on sale of equipment	-	-	-	30,672
State and federal aid	317,500	-	317,500	-
Interest income	34,154	87,691	121,845	61,266
Interest expense	-	(182,757)	(182,757)	(541,433)
Total Non-Operating Revenues (Expenses)	<u>351,654</u>	<u>(95,066)</u>	<u>256,588</u>	<u>(449,495)</u>
Income Before Transfers	325,195	352,278	677,473	37,526
Transfers in	-	-	-	895,000
Transfers out	-	-	-	-
Change in Net Assets	325,195	352,278	677,473	932,526
Net Assets - Beginning of Year	<u>2,343,653</u>	<u>10,373,138</u>	<u>12,716,791</u>	<u>12,555,354</u>
Net Assets - End of Year	<u>\$ 2,668,848</u>	<u>\$ 10,725,416</u>	<u>\$ 13,394,264</u>	<u>\$ 13,487,880</u>
Change in Net Assets			\$ 677,473	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>28,764</u>	
Change in Net Assets of Business-type Activities			<u>\$ 706,237</u>	

The notes to financial statements are an integral part of this statement.

2007

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 576,224	\$ 6,989,442	\$ 7,565,666	\$ 4,243,552
469	918	1,387	100,000
<u>576,693</u>	<u>6,990,360</u>	<u>7,567,053</u>	<u>4,343,552</u>
194,666	1,645,832	1,840,498	638,297
63,594	465,905	529,499	246,202
37,698	1,953,037	1,990,735	908,329
112,259	2,018,758	2,131,017	757,704
73,018	512,897	585,915	1,103,711
<u>481,235</u>	<u>6,596,429</u>	<u>7,077,664</u>	<u>3,654,243</u>
<u>95,458</u>	<u>393,931</u>	<u>489,389</u>	<u>689,309</u>
-	-	-	26,977
3,826	-	3,826	-
78,676	175,700	254,376	292,794
-	(194,547)	(194,547)	(603,237)
<u>82,502</u>	<u>(18,847)</u>	<u>63,655</u>	<u>(283,466)</u>
177,960	375,084	553,044	405,843
-	-	-	994,350
-	-	-	(317,300)
177,960	375,084	553,044	1,082,893
<u>2,165,693</u>	<u>9,998,054</u>	<u>12,163,747</u>	<u>11,472,461</u>
<u>\$ 2,343,653</u>	<u>\$ 10,373,138</u>	<u>\$ 12,716,791</u>	<u>\$ 12,555,354</u>
		\$ 553,044	
		(24,058)	
		<u>\$ 528,986</u>	

City of Rye, New York
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 565,121	\$ 7,388,149	\$ 7,953,270	\$ 4,681,588
Cash payments to employees	(296,297)	(1,800,029)	(2,096,326)	(1,047,390)
Cash payments to vendors	28,305	(4,334,362)	(4,306,057)	(2,253,279)
Other operating revenues	352	6,612	6,964	49,260
Net Cash Provided by Operating Activities	297,481	1,260,370	1,557,851	1,430,179
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	-	895,000
Transfers out	-	-	-	-
Net Cash Provided by Non-Capital Financing Activities	-	-	-	895,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from State and Federal aid	317,500	-	317,500	-
Acquisition and construction of capital assets	(973,620)	(157,967)	(1,131,587)	(1,286,124)
Principal paid on capital debt	-	(260,000)	(260,000)	(1,049,648)
Interest paid on capital debt	-	(186,288)	(186,288)	(599,188)
Proceeds from sale of capital assets	-	-	-	30,672
Net Cash Used in Capital and Related Financing Activities	(656,120)	(604,255)	(1,260,375)	(2,904,288)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	34,154	87,691	121,845	322,465
Purchase of investments	(555,477)	(4,122,406)	(4,677,883)	(7,682,721)
Sale of investments	591,795	1,503,369	2,095,164	5,999,756
Net Cash Provided by (Used in) Investing Activities	70,472	(2,531,346)	(2,460,874)	(1,360,500)
Net Increase (Decrease) in Cash and Equivalents	(288,167)	(1,875,231)	(2,163,398)	(1,939,609)
Cash and Equivalents - Beginning of Year	318,885	2,374,653	2,693,538	2,258,995
Cash and Equivalents - End of Year	\$ 30,718	\$ 499,422	\$ 530,140	\$ 319,386

2007

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 577,615	\$ 7,033,537	\$ 7,611,152	\$ 4,031,310
(253,091)	(2,114,890)	(2,367,981)	(839,684)
(151,960)	(4,007,783)	(4,159,743)	(707,640)
469	918	1,387	100,000
<u>173,033</u>	<u>911,782</u>	<u>1,084,815</u>	<u>2,583,986</u>
-	-	-	994,350
-	-	-	(317,300)
-	-	-	<u>677,050</u>
3,826	-	3,826	-
(50,044)	(91,055)	(141,099)	(2,538,894)
-	(245,000)	(245,000)	(1,004,613)
-	(198,078)	(198,078)	(661,931)
-	-	-	<u>26,977</u>
<u>(46,218)</u>	<u>(534,133)</u>	<u>(580,351)</u>	<u>(4,178,461)</u>
78,676	175,700	254,376	545,691
(183,168)	(2,554,298)	(2,737,466)	(5,209,649)
281,780	1,507,538	1,789,318	5,289,532
<u>177,288</u>	<u>(871,060)</u>	<u>(693,772)</u>	<u>625,574</u>
304,103	(493,411)	(189,308)	(291,851)
14,782	2,868,064	2,882,846	2,550,846
<u>\$ 318,885</u>	<u>\$ 2,374,653</u>	<u>\$ 2,693,538</u>	<u>\$ 2,258,995</u>

(Continued)

City of Rye, New York
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (26,459)	\$ 447,344	\$ 420,885	\$ 487,021
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	75,408	518,102	593,510	1,137,553
(Increase) decrease in accounts receivable	-	225	225	271,736
(Increase) decrease in deposits	-	-	-	(28,500)
(Increase) decrease in due from other funds	(469)	-	(469)	15,181
(Increase) decrease in due from other governments	(317,500)	-	(317,500)	1,634
(Increase) decrease in prepaid expenses	10,848	60,397	71,245	133,738
Increase (decrease) in accounts payable	500,238	130,650	630,888	(108,290)
Increase (decrease) in accrued liabilities	(3,465)	(14,291)	(17,756)	(186,323)
Increase (decrease) in retainage payable	-	-	-	(46,512)
Increase (decrease) in due to other funds	(9,455)	18,026	8,571	(463,219)
Increase (decrease) in due to other governments	(127)	8,104	7,977	-
Increase in other post employment benefit obligations	67,439	92,067	159,506	213,823
Increase (decrease) in compensated absences	1,023	(254)	769	2,337
Total Adjustments	323,940	813,026	1,136,966	943,158
Net Cash Provided by (Used in) Operating Activities	\$ 297,481	\$ 1,260,370	\$ 1,557,851	\$ 1,430,179

The notes to financial statements are an integral part of this statement.

2007

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
<u>\$ 95,458</u>	<u>\$ 393,931</u>	<u>\$ 489,389</u>	<u>\$ 689,309</u>
73,018	512,897	585,915	1,103,711
1,391	(990)	401	37,254
-	-	-	-
-	1,377	1,377	(249,410)
-	-	-	(86)
(10,778)	(59,122)	(69,900)	(44,402)
2,715	74,428	77,143	13,403
3,190	(11,366)	(8,176)	114,571
-	-	-	(93,730)
7,106	3,308	10,414	1,023,122
(1,046)	(10,894)	(11,940)	-
-	-	-	-
1,979	8,213	10,192	(9,756)
<u>77,575</u>	<u>517,851</u>	<u>595,426</u>	<u>1,894,677</u>
<u>\$ 173,033</u>	<u>\$ 911,782</u>	<u>\$ 1,084,815</u>	<u>\$ 2,583,986</u>

City of Rye, New York
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2008
(With Comparative Amounts for 2007)

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and equivalents	<u>\$ 44,462</u>	<u>\$ 38,089</u>
LIABILITIES		
Accounts payable	\$ 18,152	\$ 13,375
Employee payroll deductions	<u>26,310</u>	<u>24,714</u>
Total Liabilities	<u>\$ 44,462</u>	<u>\$ 38,089</u>

The notes to financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The City of Rye, New York ("City") was incorporated in 1942 and operates in accordance with its Charter and the various other applicable laws of the State of New York. The City functions under a City Council/Manager form of government. The City Council is the legislative body responsible for overall operation. The City Manager serves as the chief administrative officer and the City Comptroller serves as the chief financial officer. The City provides the following services to its residents: public safety, transportation, culture and recreation, home and community services and general and administrative support.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government which is the City of Rye, b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities that would be included in the financial statements.

The City participates in a joint venture for the operation of the Rye Town Park ("Park"). The Park was established in 1907 by the New York State Legislature pursuant to Chapter 711 of the Laws of 1907. The Park provides recreational activities to the public, and is governed by a Commission, which has full charge and supervision over the capital improvements, operations, and maintenance of the Park. The Commission consists of six members: the Supervisor of the Town of Rye, the Mayor of the City of Rye, the Mayor of the Village of Port Chester, the Mayor of the Village of Rye Brook, one Commissioner appointed by the City Council of the City of Rye, and one Commissioner appointed by the Town Board of the Town of Rye. The City of Rye does not have an equity interest in the Park. The City has an ongoing financial responsibility in that the annual income or loss resulting from the Park's activities is shared proportionally by the City of Rye and the Town of Rye, using a calculation based on their equalized assessed valuation. The City's share of the Park's income or loss for the 2008 fiscal year is not yet available and accordingly, no amounts have been reflected in the financial statements. Complete separate financial statements for the Park may be obtained from the Town of Rye, 10 Pearl Street, Port Chester, New York 10573.

Note 1 - Summary of Significant Accounting Policies (Continued)**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the financial position of the City at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Funds and the Internal Service Funds are charges to customers for services. Operating expenses for the Enterprise Funds and the Internal Service Funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The City maintains internal service and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments

Note 1 - Summary of Significant Accounting Policies (Continued)

necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles, as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the City in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

The City also reports the following non-major governmental funds:

Cable TV Special Revenue Fund – The Cable TV Special Revenue Fund is used to account for the receipt and use of revenues received from the franchise holder for public access cable television programming.

K.T. Woods Permanent Fund - The K.T. Woods Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs, namely the funding of certain expenditures in the Rye Nature Center.

Debt Service Fund - The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on long-term debt.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds are used to account for operations that provide services to other departments or agencies of the government, or other governments, on a cost reimbursement basis. The operations of the Boat Basin and Golf Club Funds are recorded as major enterprise funds. The City has established its Risk Retention and Building and Vehicle Maintenance funds as internal service funds. The City applies all applicable Financial Accounting Standards Board ("FASB")

Note 1 - Summary of Significant Accounting Policies (Continued)

pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise operations.

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

The government-wide financial statements and the proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus and utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims, compensated absences and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities and Net Assets or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

State statutes govern the City's investment policies. The City has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions and, accordingly, the City's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The City utilizes a pooled investment concept for governmental and proprietary funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2008.

The City was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate risk or credit risk.

Investment Pool - The City participates in a cooperative investment pool established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. The pool is authorized to invest in various securities issued by the United States and its agencies. The amount reported represents the amortized cost of the cooperative shares and is considered to approximate fair value. Additional information concerning the Cooperative is presented in the annual report of the Cooperative Liquid Assets Securities System ("CLASS"), which may be obtained from MBIA Municipal Investors Service Corp., 113 King Street, Armonk, NY 10504.

Note 1 - Summary of Significant Accounting Policies (Continued)

CLASS is rated AAA/V1+ by Fitch Ratings. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property when levied. City property taxes are levied by the City on February 1st and collected by the City in one installment in February, and are due and payable without penalty during the month of February. County property taxes are levied by the County on April 1st and collected by the City in one installment in April, and are due and payable without penalty during the month of April. Rye Neck Union Free School District property taxes are levied by the school district on September 1st and collected by the City in two installments: the taxes for the period July 1st to June 30th are due on September 1st, with the first half payable without penalty until September 30th, and the second half payable without penalty until November 30th. The Rye City School District is responsible for the levy and collection of Rye City School District taxes until July 1st of the following year, after which collection becomes the responsibility of the City. In accordance with Westchester County Finance Law, the City guarantees the full payment of the County, Rye City School District, and Rye Neck Union Free School District warrants, and assumes the responsibility for uncollected taxes. The City also has the responsibility for conducting in-rem foreclosure proceedings.

The City functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the City to collect County taxes. The City must remit to the County sixty (60%) percent of the amount levied by May 25th, and the balance of forty percent (40%) on October 15th. With respect to school district taxes, New York State law and the County Charter provide that the City satisfy the warrant of the school districts by May 1st of the fiscal year for which such taxes were levied. Thus, the City's fiduciary responsibility for school districts taxes is from the date of the levy until the respective due dates, at which time the City must satisfy its obligations to the school districts, regardless of the amounts collected. Since the County tax warrant must be paid in full by October 15th, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. Balances of interfund amounts receivable or payable have been recorded in the fund financial statements to the extent that certain transactions between funds had not been paid or received as of December 31st. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both the government-wide and fund financial statements. Reported amounts in governmental funds are equally offset by a reservation of fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Restricted Assets - Certain assets are classified as restricted because their use is limited. Restricted assets in the Capital Projects Fund, Enterprise Fund and Internal Service Fund are to be used for construction purposes. Restricted assets in the Permanent Fund are to be used for the purpose of preserving or enhancing the natural habitat in the City, including the Rye Nature Center.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the City. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

Asset	Life in Years	
	Prior to January 1, 1995	Subsequent to January 1, 1995
Buildings	45	50
Improvements	20	5 - 20
Machinery and equipment	5 - 15	5 - 10
Infrastructure	20	25 - 50

Note 1 - Summary of Significant Accounting Policies (Continued)

The costs associated with the acquisition or construction of capital assets is shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Unearned/Deferred Revenues - Unearned/deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned revenues consist of revenue received in advance and/or revenue from grants received before the eligibility requirements have been met.

Deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported deferred revenues of \$169,973 for real property taxes and \$243,310 for fees received in advance in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Long-term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets on the Statement of Net Assets include invested in capital assets, net of related debt, restricted for capital projects, permanent fund, special purposes, debt service and risk retention. The balance is classified as unrestricted.

Fund Balances - Reserves and Designations - Portions of fund balance are segregated for future use and are therefore not available for future appropriation or expenditure. Amounts reserved for encumbrances, prepaid expenditures, compensated absences, long-term receivable, workers' compensation, debt service and trust represent portions of fund balance

Note 1 - Summary of Significant Accounting Policies (Continued)

that are required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balances in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain reclassifications of prior year financial data have been made to conform to the current year presentation.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The City generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before the seventh day of November, the City Manager submits to the City Council a tentative budget presenting a financial plan for conducting the affairs of the City for the ensuing fiscal year.
- b) Upon receipt of the Manager's tentative budget and prior to a public hearing, the City Council may, by a vote of at least four members of the City Council, make changes in the tentative budget.
- c) After considering the tentative budget, but not later than the first Wednesday in December and with a public notice published ten days in advance, the City Council holds a public hearing on the proposed budget.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) After the public hearing, but not later than December 31st, the City Council adopts the budget presented at the public hearing as submitted or amended. Amendments made between the time of the public hearing and the date of adoption, which increase total estimated revenues or total appropriations, require an affirmative vote of at least five members of the City Council.
- e) Formal budgetary integration is employed during the year as a management control device for General, Special Revenue and Debt Service funds.
- f) Budgets for General, Special Revenue and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Proprietary funds.
- g) The City Manager may, at any time during the fiscal year, transfer part or all of any unencumbered appropriation balance among programs or accounts within a department, office or agency under his/her supervision, and such transfers are reported to the Council at or prior to the next City Council meeting. The City Council may, by resolution, transfer part or all of any unencumbered appropriation balance among programs or accounts of a board or commission or within a department, office or agency, or from one board, commission, department, office or agency to another. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.
- h) Appropriations in General, Special Revenue and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments for the current year were not material in relation to the original appropriations that were amended.

B. Property Tax Limitation

The amount that may be raised by the City for real property taxes in any fiscal year, for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York to two (2%) percent of the five-year average full valuation of taxable real estate located within the City. For 2008, the maximum amount that could have been raised was \$118,544,281, which exceeded the levy by \$100,257,289.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2008

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Capital Projects Fund Project Deficits

Deficits in certain capital projects arise because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other capital project deficits, where no bond anticipation notes exist to the extent of the deficit, arise because of expenditures and encumbrances exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2008 consisted of the following:

City taxes - Current	\$ 69,690
City taxes - Delinquent	564,038
School district taxes - Current	<u>155,753</u>
	<u>\$ 789,481</u>

School district taxes are offset by liabilities to the school district, which will be paid no later than May 1, 2009. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$169,973, which represents an estimate of the receivable that will not be collected within the first sixty days of the subsequent year. School and County taxes receivable are also reserved in the fund financial statements by a reserve for long-term receivables of \$408,169, which represents an estimate of taxes receivable that will not be collected within the subsequent year.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)**B. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2008 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cable TV Fund	\$ 8,144
	Capital Projects Fund	1,154,640
	Boat Basin Fund	14,116
	Golf Club Fund	96,158
	Building and Vehicle Maintenance Fund	622,775
		<u>1,895,833</u>
Capital Projects Fund	General Fund	12,893
	Debt Service Fund	20,916
		<u>33,809</u>
Debt Service Fund	Capital Projects Fund	<u>33,093</u>
Boat Basin Fund	General Fund	<u>469</u>
		<u><u>\$ 1,963,204</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the General Fund expects to collect in the subsequent year.

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)**C. Capital Assets**

Changes in the City's capital assets are as follows:

Class	Balance at January 1, 2008	Additions	Deletions	Balance at December 31, 2008
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 5,321,814	\$ -	\$ -	\$ 5,321,814
Construction-in-progress	11,174,053	2,658,521	1,008,637	12,823,937
 Total Capital Assets, not being depreciated	 \$ 16,495,867	 \$ 2,658,521	 \$ 1,008,637	 \$ 18,145,751
Capital Assets, being depreciated:				
Buildings	\$ 10,446,627	\$ 1,163,707	\$ -	\$ 11,610,334
Improvements	3,667,044	179,950	-	3,846,994
Machinery and Equipment	8,941,459	366,847	149,774	9,158,532
Infrastructure	59,369,893	-	-	59,369,893
 Total Capital Assets, being depreciated	 82,425,023	 1,710,504	 149,774	 83,985,753
Less Accumulated Depreciation for:				
Buildings	1,825,712	297,196	-	2,122,908
Improvements	1,382,286	195,518	-	1,577,804
Machinery and Equipment	4,763,653	644,839	149,774	5,258,718
Infrastructure	24,085,774	289,832	-	24,375,606
 Total Accumulated Depreciation	 32,057,425	 1,427,385	 149,774	 33,335,036
 Total Capital Assets, being depreciated, net	 \$ 50,367,598	 \$ 283,119	 \$ -	 \$ 50,650,717
 Governmental Activities Capital Assets, net	 \$ 66,863,465	 \$ 2,941,640	 \$ 1,008,637	 \$ 68,796,468

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance at January 1, 2008	Additions	Balance at December 31, 2008
Business-type Activities:			
Capital Assets, not being depreciated:			
Land	\$ 1,700,408	\$ -	\$ 1,700,408
Construction in Progress	-	918,226	918,226
Total Capital Assets, not being depreciated	\$ 1,700,408	918,226	\$ 2,618,634
Capital Assets, being depreciated:			
Buildings	\$ 11,759,480	\$ -	\$ 11,759,480
Improvements	3,853,062	158,586	4,011,648
Machinery and Equipment	1,138,060	54,775	1,192,835
Total Capital Assets, being depreciated	16,750,602	213,361	16,963,963
Less Accumulated Depreciation for:			
Buildings	3,549,648	292,095	3,841,743
Improvements	2,134,454	253,352	2,387,806
Machinery and Equipment	1,031,599	48,063	1,079,662
Total Accumulated Depreciation	6,715,701	593,510	7,309,211
Total Capital Assets, being depreciated, net	10,034,901	(380,149)	9,654,752
Business-type Activities Capital Assets, net	\$ 11,735,309	\$ 538,077	\$ 12,273,386

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008**Note 3 - Detailed Notes on All Funds (Continued)**

Depreciation expense was charged to the City's functions and programs as follows:

Governmental Activities:	
Public Safety	\$ 20,193
Transportation	104,422
Home and Community Services	165,217
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>1,137,553</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,427,385</u>
Business-type Activities:	
Boat Basin	\$ 75,408
Golf Club	<u>518,102</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 593,510</u>

Construction Commitments

The City has active construction projects as of December 31, 2008. These projects include new construction and renovations to existing properties. At year-end, the City had \$1,655,034 in construction encumbrances.

D. Accrued Liabilities

Accrued liabilities at December 31, 2008 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Payroll and employee benefits	\$ 75,363	\$ -	\$ 75,363
Claims	<u>685,196</u>	<u>-</u>	<u>685,196</u>
Total Accrued Liabilities	<u>\$ 760,559</u>	<u>\$ -</u>	<u>\$ 760,559</u>

E. Unpaid Claim Liabilities

The Risk Retention Fund reflects general liability claim liabilities. The government-wide statement of net assets reflects health benefit claim liabilities. The liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)

does not necessarily result in an exact amount. Using a variety of actuarial and statistical techniques, claim liabilities are recomputed periodically to produce current estimates. These estimates reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended December 31, 2008		Year Ended December 31, 2007	
	General Liability	Health Benefits	General Liability	Health Benefits
Balance - Beginning of Year	\$ 355,000	\$ 237,170	\$ 295,000	\$ 387,159
Provision for Claims and Claims Adjustment Expenses	247,445	3,489,648	475,879	2,875,781
Claims and Claims Adjustment Expenses Paid	<u>(379,445)</u>	<u>(3,199,328)</u>	<u>(415,879)</u>	<u>(3,025,770)</u>
Balance - End of Year	<u>\$ 223,000</u>	<u>\$ 527,490</u>	<u>\$ 355,000</u>	<u>\$ 237,170</u>

The liability for health claims is reflected in the government-wide financial statements within accrued liabilities. In the fund financial statements, deposits in excess of payments by the claims administrator have been reflected as a prepaid expenditure.

F. Pension Plans

The City participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Contributions required of employers and employees, and benefits to employees, are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees who joined ERS after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contributions are certified by the State Comptroller and are expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a group term life insurance portion ("GTLI") and a regular pension contribution. Contribution rates for the plan year ended March 31, 2009 are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	1 75I/41J	10.8 %
	2 75I/41J	9.9
	3 A14/41J	8.0
	4 A15/41J	8.0
PFRS	1 384D/3029D	19.4 %
	2 384D	14.5

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2008	\$ 609,768	\$ 806,862
2007	622,275	754,286
2006	697,444	799,189

These contributions were equal to the 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution for the City was charged to various departments within the funds identified below. The current PFRS contribution was charged to the General Fund.

<u>Fund</u>	<u>Amount</u>
General	\$ 485,780
Cable TV	8,614
Boat Basin	14,466
Golf Club	47,581
Building and Vehicle Maintenance	53,327
	<u>\$ 609,768</u>

The City also provides benefits to those police officers that retired from service prior to the inception of PFRS. Benefits are calculated pursuant to Section 192 of the Retirement and Social Security Law. It is the policy of the City to fund any benefits from the General Fund Police Department budget. These pension costs for the year ended December 31, 2008 were \$2,841. The pension benefit obligation of this plan is not significant to the City.

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)**G. Short-Term Capital Borrowings**

Purpose	Year of Original Issue	Maturity Date	Interest Rate	Balance January 1, 2008	New Issues	Redemptions	Balance December 31, 2008
Governmental Type Activities:							
Capital Projects Fund:							
Kirby Lane Sewer	2007	4/09	2.06 %	\$ 1,980,000	\$ 1,980,000	\$ 1,980,000	\$ 1,980,000
Kirby Lane Water/Gas Lines	2007	4/09	2.06	20,000	20,000	20,000	20,000
				<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$69,606 were recorded in the fund financial statements in the Capital Projects Fund. Interest expense of \$48,826 was recorded in the government-wide financial statements for governmental activities.

H. Long-Term Liabilities

The changes in the City's long-term liabilities for the year ended December 31, 2008 were as follows:

	Balance January 1, 2008	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2008	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 16,345,000	\$ -	\$ 845,000	\$ 15,500,000	\$ 875,000
Installment Purchase Contract	4,856,748	-	275,792	4,580,956	288,462
Claims Payable	1,845,389	532,918	369,078	2,009,229	401,846
Compensated Absences	979,442	327,810	97,945	1,209,307	120,930
Other Post-Employment Benefit Obligations Payable	-	2,952,861	-	2,952,861	-
Governmental Activities Long-Term Liabilities	<u>\$ 24,026,579</u>	<u>\$ 3,813,589</u>	<u>\$ 1,587,815</u>	<u>\$ 26,252,353</u>	<u>\$ 1,686,238</u>
Business-type Activities:					
Bonds Payable	\$ 3,730,000	\$ -	\$ 260,000	\$ 3,470,000	\$ 270,000
Compensated Absences	86,593	9,429	8,660	87,362	8,736
Other Post-Employment Benefit Obligations Payable	-	159,506	-	159,506	-
Business-type Activities: Long-Term Liabilities	<u>\$ 3,816,593</u>	<u>\$ 168,935</u>	<u>\$ 268,660</u>	<u>\$ 3,716,868</u>	<u>\$ 278,736</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for compensated absences and other post-employment benefit obligations is liquidated by the respective fund. The General Fund liquidates claims liabilities. The City's governmental fund indebtedness for bonds is satisfied by the Debt Service Fund, which is funded by the General Fund. The City's indebtedness for installment purchase contract is satisfied by the Internal Service Fund.

Bonds Payable

Bonds payable at December 31, 2008 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2008
Public Improvements	1990	\$ 3,670,000	June, 2010	6.800 %	\$ 100,000
Golf Club Improvements	1998	3,657,000	September, 2018	4.2 to 4.500	2,305,000
Golf Club Improvements (Taxable)	1998	1,743,000	September, 2018	6.2 to 6.300	1,165,000
Public Improvements	2000	3,825,000	October, 2020	5.2 to 5.250	2,765,000
Public Improvements	2001	1,965,000	October, 2021	4.4 to 5.000	1,460,000
Public Improvements	2002	5,389,500	December, 2020	3.25 to 4.250	4,000,000
Environmental Facilities Corporation for Land Acquisition	2004	1,708,013	August, 2024	2.061 to 4.964	1,410,000
Public Improvements	2005	6,428,000	December, 2025	3.875 to 4.000	5,765,000
					<u>\$ 18,970,000</u>

Interest expenditure/expense of \$68,387 and \$310,640 was recorded in the fund financial statements in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$378,361 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$182,757 was recorded in the fund financial and government-wide financial statements for the business-type activities - Golf Club Fund.

Installment Purchase Contract

The City, in March 2006, entered into a contractual agreement valued at \$5,293,859 to purchase property adjacent to City Hall. The terms of the contract provide for \$1.2 million to be paid in 48 equal monthly installments of \$25,000 through April 2010. At that time a balloon payment in the amount of \$5 million will become due and payable. The City has imputed an interest cost of 4.5%, a rate comparable to that which the City would pay on its general obligation debt. The balance due at December 31, 2008 was \$4,580,956. Interest expense of \$230,793 was recorded in the Internal Service Fund and in the government-wide financial statements for governmental activities.

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)**Payments to Maturity**

The annual requirements to amortize all bonded and installment purchase contract debt outstanding, including interest of \$6,654,939, as of December 31, 2008 is as follows:

Year	Governmental Activities				Business-type Activities		Total	
	Bonds		Installment Purchase		Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2009	\$ 875,000	\$ 633,174	\$ 288,462	\$ 227,885	\$ 270,000	\$ 173,768	\$ 1,433,462	\$ 1,034,827
2010	915,000	598,799	4,292,494	75,233	285,000	160,728	5,492,494	834,760
2011	895,000	563,998	-	-	305,000	146,860	1,200,000	710,858
2012	935,000	528,827	-	-	320,000	131,947	1,255,000	660,774
2013	975,000	491,914	-	-	335,000	116,193	1,310,000	608,107
2014-2018	5,595,000	1,817,949	-	-	1,955,000	309,579	7,550,000	2,127,528
2019-2023	4,295,000	620,047	-	-	-	-	4,295,000	620,047
2024-2025	1,015,000	58,038	-	-	-	-	1,015,000	58,038
	<u>\$ 15,500,000</u>	<u>\$ 5,312,746</u>	<u>\$ 4,580,956</u>	<u>\$ 303,118</u>	<u>\$ 3,470,000</u>	<u>\$ 1,039,075</u>	<u>\$ 23,550,956</u>	<u>\$ 6,654,939</u>

The above general obligation bonds and installment purchase contract are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

Claims Payable

Claims payable reflects a liability of \$2,009,229 for tax certiorari refunds, which were not due and payable at year-end. This amount represents likely tax certiorari refunds based upon proceedings pending against the City to reduce assessments upon which taxes had been levied. This amount has been recorded as an expense in the government-wide financial statements.

Compensated Absences

Vacation time is generally taken in the year subsequent to the year in which it is earned, although employees may be granted permission to carry over unused vacation time beyond one year. Employees may be paid up to 36 days of unused vacation time upon separation of service. Full-time administrative employees, and full-time employees who are members of the Civil Service Employees Association ("CSEA") Clerical Unit hired prior to January 1, 1977 may accrue a maximum of 365 sick leave days, and those hired on or after January 1, 1977 may accrue a maximum of 250 sick leave days. Full-time employees who are members of the CSEA Public Works Unit hired prior to January 1, 1977 may accrue a maximum of 365 sick leave days, and those hired on or after January 1, 1977 may accrue a maximum 200 sick leave days. The City will pay accrued sick time to all full-time administrative employees at the daily rate of pay for each day of accrued sick leave in excess of 165 days, to a maximum of 35 days. The City will pay accrued sick time to all full-time CSEA Clerical Unit employees who have 20 years of service with the City at the daily rate of pay for each day of accrued sick leave in excess of 165 days, to

Note 3 - Detailed Notes on All Funds (Continued)

a maximum of 35 days. The City will pay accrued sick time to police officers who retire and have accumulated sick leave in excess of 220 days, in an amount equal to two day's pay per year of service to a maximum of 40 days. There is no payment of accrued sick time upon retirement to firefighters. The value of the compensated absences has been reflected as a liability in the government-wide and proprietary fund financial statements, and as a reservation of fund balance in the governmental funds financial statements.

Other Post-Employment Benefit Obligations Payable

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees' covered, and the percentage of contribution, if any, to the cost of healthcare benefits. The City pays the cost of the post-employment healthcare benefits for retirees, their spouses, and their dependents during the life of the retiree. Surviving spouses of retirees may elect to continue receiving healthcare benefits at their expense. Substantially all of the City's employees may become eligible for these benefits if they retire through the New York State Retirement System while working for the City. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The City is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)

<u>Year Ended December 31,</u>	<u>Assumed Increase</u>
2009	9.00 %
2010	8.00
2011	7.00
2012	6.00
2013+	5.00

The amortization basis is the level dollar method with an open amortization approach. The unit credit method was used to determine the actuarial value of the assets of the OPEB plan, however, the City currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2008 was as follows:

Active Employees	167
Retired Employees	<u>117</u>
	<u>284</u>

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Amortization Component:			
Actuarial Accrued Liability as of January 1, 2008	\$ 49,863,473	\$ 3,164,835	\$ 53,028,308
Assets at Market Value	<u>-</u>	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 49,863,473</u>	<u>\$ 3,164,835</u>	<u>\$ 53,028,308</u>
Funded Ratio	0.00%	0.00%	0.00%
Covered Payroll (active plan members)	\$ 10,774,523	\$ 683,859	\$ 11,458,382
UAAL as a Percentage of Covered Payroll	462.79%	462.79%	462.79%
Annual Required Contribution	\$ 4,109,450	\$ 267,270	\$ 4,376,720
Interest on Net OPEB Obligation	<u>138,477</u>	<u>8,368</u>	<u>146,845</u>
Annual OPEB Cost	4,247,927	275,638	4,523,565
Contributions Made	<u>(1,295,066)</u>	<u>(116,132)</u>	<u>(1,411,198)</u>
Increase in Net OPEB Obligation	2,952,861	159,506	3,112,367
Net OPEB Obligation - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Obligation - End of Year	<u>\$ 2,952,861</u>	<u>\$ 159,506</u>	<u>\$ 3,112,367</u>

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)**I. Revenues and Expenditures****Interfund Transfers**

Interfund transfers are defined as the flow of assets (such as cash or goods and services) between funds of the City without equivalent flows of assets in return and without a requirement for repayment. Interfund transfers for the fiscal year ended December 31, 2008 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental</u>	<u>Internal Service</u>	
General	\$ -	\$ 1,337,793	\$ 139,532	\$ 895,000	\$ 2,372,325
Capital Projects	21,304	754,815	-	-	776,119
Other Governmental	-	20,916	-	-	20,916
	<u>\$ 21,304</u>	<u>\$ 2,113,524</u>	<u>\$ 139,532</u>	<u>\$ 895,000</u>	<u>\$ 3,169,360</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts and 3) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

J. Net Assets

The components of net assets are detailed below:

Invested in Capital Assets, net of Related Debt - the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net assets that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Permanent Fund - the component of net assets that reports the difference between the assets and liabilities of the non-expendable trust with constraints placed on their use by an external party.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Special Purposes - the component of net assets that reports the difference between assets and liabilities of the parking improvements, parks, recreation and 9/11 memorial programs with constraints placed on their use by external parties.

Restricted for Debt Service - the component of net assets that reports the difference between the assets and liabilities of the Debt Service Fund with constraints placed on their use by New York State Local Finance Law.

Restricted for Risk Retention - the component of net assets that provides for the payment of self-insured general and liability claims pursuant to New York State Law.

Unrestricted - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

K. Fund Balances

The City, in accordance with laws of New York State, local charter authorization and generally accepted accounting principles has reserved and designated certain elements of the fund balance. A description of the significant elements is as follows:

Reserved

Encumbrances outstanding have been reserved, as it is the City's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

The Reserve for Prepaid Expenditures represents health insurance, retirement and other costs paid in advance. The reserve indicates that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Compensated Absences represents funds set aside for the payment of accumulated vacation and sick leave in accordance with various collective bargaining agreements and General Municipal Law. These funds are not "available" for appropriation or expenditure.

The Reserve for Long-Term Receivable represents funds set aside to indicate the long-term nature of taxes receivable collected for other governments. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Reserve for Workers' Compensation represents funds set aside to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

The Reserve for Debt Service represents a segregation of the fund balance for debt service in accordance with the provisions of the New York State Local Finance Law.

The Reserve for Trust represents funds set aside in accordance with the terms of various trust agreements.

NOTES TO FINANCIAL STATEMENTS (Continued)
 DECEMBER 31, 2008

Note 3 - Detailed Notes on All Funds (Continued)**Components of Unreserved Fund Balance**

The components of unreserved fund balance are as follows:

	Fund		
	General	Capital Projects	Other Governmental
Designated for:			
Subsequent Year's Expenditures	\$ 1,950,242	\$ -	\$ 139,356
Police Purposes	6,459	-	-
Parking Improvements	76,283	-	-
Parks	99,659	-	-
9/11 Memorial	202,312	-	-
Business District Improvements	65,000	-	-
Tax Certiorari	2,009,229	-	-
Recreation Programs	184,162	-	-
Undesignated	<u>3,142,729</u>	<u>(3,301,577)</u>	<u>191,583</u>
	<u>\$ 7,736,075</u>	<u>\$ (3,301,577)</u>	<u>\$ 330,939</u>

Designated for Subsequent Year's Expenditures - This designation indicates that the City has utilized these amounts in the subsequent year's budget as a funding source.

Designated for Police Purposes - This designation represents funds donated to the City that the City will use for police purposes.

Designated for Parking Improvements - This designation represents funds that the City will use for parking improvements in the downtown business district.

Designated for Parks - This designation represents funds collected by the City from individuals and firms developing or improving real estate that the City will use for the acquisition and/or embellishment of parks and playgrounds.

Designated for 9/11 Memorial - This designation represents funds donated to the City by individuals and organizations that the City will use to construct a memorial to the victims of the September 11, 2001 terrorist attacks.

Designated for Business District Improvements - This designation represents funds that the City will use for improvements in the downtown business district.

Designated for Tax Certiorari - This designation represents funds that the City estimates it will use for property tax certiorari judgments and settlements.

Designated for Recreation Programs - This designation represents funds donated to the City by individuals and organizations that the City will use for various recreational programs.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The City, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, malicious prosecution, and defamation of character or personal injury. The filing of such claims commences a statutory period for initiating judicial action. Currently, the City is defendant in numerous actions that may exceed insurance limits, or are not covered by applicable insurance. Such actions are being defended and no opinion is expressed as to the merits or possible outcome of each case. Payments that may be required as a result of these actions have been included in the assessment and calculation of liabilities in the Risk Retention Fund.

The City is also defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Contingencies

The City participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures/expenses that may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

C. Risk Management

The City's general liability program has a self-insured retention level of \$50,000 per occurrence. Insurance coverage has been secured for losses up to a maximum of \$10 million per occurrence. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Accrued liabilities in the Risk Retention Fund include provisions for claims reported and claims incurred but not reported (IBNR's).

The City, along with other municipal entities, participates in the Municipal Employee Benefits Consortium ("MEBCO"). MEBCO is a public entity risk pool currently operating as a common risk management and health insurance program for its members. MEBCO was formed in April 1988 pursuant to an act of the Board of Legislators of the County of Westchester. This act provided cities and villages throughout Westchester County with an opportunity to participate in a cooperative program for providing health benefits to municipal employees by entering into an intermunicipal agreement pursuant to Article 5-G of the General Municipal Law. The purpose of the pool is to stabilize the cost of medical benefits provided to employees (see unpaid claim liabilities). MEBCO functions primarily as a claims service whereby each participating municipality retains its own risk. MEBCO does not transfer risk since charges to each municipality are ultimately determined by their individual claims/loss experience. The City pays the pool an annual provision for its health coverage.

Workers' compensation insurance is secured with statutory coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CAPITAL PROJECTS FUND
PROJECT-LENGTH SCHEDULE**

City of Rye, New York
Capital Projects Fund
Project-Length Schedule
Inception of Project Through December 31, 2008

Project Number	Project Title	Year Authorized	Project Budget	Expenditures and Other Financing Uses			Unexpended Balance
				Prior Years	Current Year	Total	
513551	GIS	1997	\$ 271,724	\$ 257,840	\$ 13,884	\$ 271,724	\$ -
533021B	Bonded Signal Projects	2003	316,335	274,150	13,775	287,925	28,410
533024	Locust Avenue and Purchase Street Signal	2006	11,000	6,760	-	6,760	4,240
533025	Purchase Street Roundabout	2007	200,000	53,600	-	53,600	146,400
533026	CBD Traffic Signals	2007	350,000	305,000	16,626	321,626	28,374
551060	Theall Road Reconstruction	2007	1,400,000	252,607	1,035,865	1,288,472	111,528
551061	Peck Avenue Intersection	2007	200,000	-	-	-	200,000
551066	School Street Parking Lot Resurfacing	2006	55,000	20,000	8,875	28,875	26,125
551068	Annual Street Resurfacing Program	2007	627,067	449,092	177,975	627,067	-
551070	Central Avenue Bridge Reconstruction	2007	268,600	129,029	38,149	167,178	101,422
551073	Annual Street Resurfacing Program	2008	1,242,231	-	999,828	999,828	242,403
551074	Purchase Street Study	2008	80,000	-	65,157	65,157	14,843
551075	Boston Post Road Resurfacing	2008	607,000	-	576,596	576,596	30,404
551077	Boston Post Road Rock Stabilization	2008	75,000	-	49,150	49,150	25,850
554112	Annual Sidewalk Replacement Program	2007	27,483	-	20,789	20,789	6,694
554113	Annual Sidewalk Replacement Program	2008	70,000	-	33,539	33,539	36,461
555150	Morehead Footbridge Reconstruction	2006	70,000	32,065	5,000	37,065	32,935
571041	Recreation Master Plan	2001	75,409	68,245	-	68,245	7,164
581201B	Kirby Lane Sewer	2003	2,466,774	1,922,382	424,360	2,346,742	120,032
581204B	Peck Avenue Pump Station	2003	229,568	228,237	655	228,892	676
581205B	Kirby Lane Water/Gas Lines	2003	20,044	19,412	632	20,044	-
581206	Upper Dogwood Lane Sewer	2007	150,000	1,942	11,993	13,935	136,065
581219	Hewlett Avenue Pump Station	2007	414,413	22,509	1,139	23,648	390,765
581221	Miscellaneous Sewer Rehabilitation	2004	583,700	523,258	44,949	568,207	15,493
581225	Sewer Force Mains	2008	30,000	-	4,000	4,000	26,000
581419B	North Kirby Lane Drain	2001	267,947	258,302	11,775	270,077	(2,130)
581423B	Highland Avenue and Onondaga Street Drain	2004	423,160	36,282	381,936	418,218	4,942
581424	Annual Drainage Improvement Program	2005	116,688	111,688	5,000	116,688	-
581425	Clinton Avenue Drain	2005	75,000	-	75,000	75,000	-
581426	Annual Drainage Improvement Program	2006	96,371	37,500	9,821	47,321	49,050
585402	Bowman Avenue Spillway	2007	161,468	56,273	101,633	157,906	3,562
585403	Theo Fremd Retaining Wall	2007	352,795	34,467	13,250	47,717	305,078
585404	Elm Place Retaining Wall	2007	1,112,031	24,067	86,873	110,940	1,001,091
585405	Bowman Avenue Sluice Gate	2008	150,000	-	63,341	63,341	86,659
			<u>\$ 12,596,808</u>	<u>\$ 5,124,707</u>	<u>\$ 4,291,565</u>	<u>\$ 9,416,272</u>	<u>\$ 3,180,536</u>

Revenues and Other Financing Sources			Fund Balance (Deficit)	Bond Anticipation Notes Payable
Prior Years	Current Year	Total	at December 31, 2008	at December 31, 2008
\$ 271,724	\$ -	\$ 271,724	\$ -	\$ -
316,335	-	316,335	28,410	-
11,000	-	11,000	4,240	-
200,000	-	200,000	146,400	-
350,000	-	350,000	28,374	-
700,000	-	700,000	(588,472)	-
200,000	-	200,000	200,000	-
55,000	-	55,000	26,125	-
627,067	-	627,067	-	-
268,600	-	268,600	101,422	-
-	1,242,231	1,242,231	242,403	-
-	80,000	80,000	14,843	-
-	607,000	607,000	30,404	-
-	75,000	75,000	25,850	-
27,483	-	27,483	6,694	-
-	70,000	70,000	36,461	-
70,000	-	70,000	32,935	-
75,409	-	75,409	7,164	-
732	20,916	21,648	(2,325,094)	1,980,000
229,568	-	229,568	676	-
-	-	-	(20,044)	20,000
-	-	-	(13,935)	-
121,413	102,000	223,413	199,765	-
536,697	47,003	583,700	15,493	-
-	30,000	30,000	26,000	-
267,947	-	267,947	(2,130)	-
417,000	6,160	423,160	4,942	-
116,688	-	116,688	-	-
75,000	-	75,000	-	-
96,371	-	96,371	49,050	-
112,500	48,968	161,468	3,562	-
54,460	-	54,460	6,743	-
89,457	-	89,457	(21,483)	-
-	150,000	150,000	86,659	-
<u>\$ 5,290,451</u>	<u>\$ 2,479,278</u>	<u>\$ 7,769,729</u>	<u>\$ (1,646,543)</u>	<u>\$ 2,000,000</u>

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

- **Cable T.V. Fund** - The Cable T.V. Fund is used to account for revenues received from the franchise holder for public access cable T.V. programming.

PERMANENT FUND

The K.T. Woods Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

DEBT SERVICE FUND

The Debt Service Fund is provided to account for the accumulation of resources to be used for the redemption of principal and interest on general long-term debt.

City of Rye, New York
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008
(With Comparative Amounts for 2007)

	2008			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
ASSETS				
Cash and equivalents	\$ 50,472	\$ -	\$ -	\$ 50,472
Investments	324,794	-	247,072	571,866
Accounts receivable	67,512	-	-	67,512
Due from other funds	-	-	33,093	33,093
Prepaid expenditures	2,445	-	-	2,445
Investments - restricted	-	20,025	-	20,025
Total Assets	<u>\$ 445,223</u>	<u>\$ 20,025</u>	<u>\$ 280,165</u>	<u>\$ 745,413</u>
LIABILITIES				
Accounts payable	\$ 4,072	\$ -	\$ -	\$ 4,072
Due to other funds	8,144	-	20,916	29,060
Total Liabilities	<u>12,216</u>	<u>-</u>	<u>20,916</u>	<u>33,132</u>
FUND BALANCES				
Reserved for encumbrances	232,710	-	-	232,710
Reserved for prepaid expenditures	2,445	-	-	2,445
Reserved for compensated absences	5,994	-	-	5,994
Reserved for workers' compensation	300	-	-	300
Reserved for debt service	-	-	119,893	119,893
Reserved for trust	-	20,000	-	20,000
Unreserved:				
Designated for subsequent year's expenditures	-	-	139,356	139,356
Undesignated	191,558	25	-	191,583
Total Fund Balances	<u>433,007</u>	<u>20,025</u>	<u>259,249</u>	<u>712,281</u>
Total Liabilities and Fund Balances	<u>\$ 445,223</u>	<u>\$ 20,025</u>	<u>\$ 280,165</u>	<u>\$ 745,413</u>

2007

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 27,643	\$ -	\$ -	\$ 27,643
219,228	-	244,637	463,865
128,905	-	-	128,905
-	-	6,521	6,521
6,077	-	-	6,077
-	21,099	-	21,099
<u>\$ 381,853</u>	<u>\$ 21,099</u>	<u>\$ 251,158</u>	<u>\$ 654,110</u>
\$ 13,326	\$ -	\$ -	\$ 13,326
9,853	-	3,626	13,479
<u>23,179</u>	<u>-</u>	<u>3,626</u>	<u>26,805</u>
8,945	-	-	8,945
6,077	-	-	6,077
6,441	-	-	6,441
300	-	-	300
-	-	237,732	237,732
-	20,000	-	20,000
-	-	9,800	9,800
336,911	1,099	-	338,010
<u>358,674</u>	<u>21,099</u>	<u>247,532</u>	<u>627,305</u>
<u>\$ 381,853</u>	<u>\$ 21,099</u>	<u>\$ 251,158</u>	<u>\$ 654,110</u>

City of Rye, New York
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
REVENUES				
Non-property taxes	\$ 257,894	\$ -	\$ -	\$ 257,894
Use of money and property	5,690	412	32,632	38,734
Miscellaneous	74,412	-	-	74,412
Total Revenues	<u>337,996</u>	<u>412</u>	<u>32,632</u>	<u>371,040</u>
EXPENDITURES				
Current -				
Culture and Recreation:				
Salaries and wages	110,159	-	-	110,159
Equipment	93,018	-	-	93,018
Materials and supplies	13,417	-	-	13,417
Contractual costs	12,333	1,486	-	13,819
Employee benefits	34,736	-	-	34,736
	<u>263,663</u>	<u>1,486</u>	<u>-</u>	<u>265,149</u>
Debt Service:				
Principal	-	-	71,144	71,144
Interest	-	-	68,387	68,387
Total Expenditures	<u>263,663</u>	<u>1,486</u>	<u>139,531</u>	<u>404,680</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>74,333</u>	<u>(1,074)</u>	<u>(106,899)</u>	<u>(33,640)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	139,532	139,532
Transfers out	-	-	(20,916)	(20,916)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>118,616</u>	<u>118,616</u>
Net Change in Fund Balances	74,333	(1,074)	11,717	84,976
Fund Balances - Beginning of Year	358,674	21,099	247,532	627,305
Fund Balances - End of Year	<u>\$ 433,007</u>	<u>\$ 20,025</u>	<u>\$ 259,249</u>	<u>\$ 712,281</u>

2007

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 246,085	\$ -	\$ -	\$ 246,085
13,211	990	96,550	110,751
1,811	-	-	1,811
<u>261,107</u>	<u>990</u>	<u>96,550</u>	<u>358,647</u>
104,604	-	-	104,604
79,133	-	-	79,133
7,165	-	-	7,165
28,136	-	-	28,136
27,105	-	-	27,105
<u>246,143</u>	<u>-</u>	<u>-</u>	<u>246,143</u>
-	-	67,079	67,079
-	-	71,470	71,470
<u>246,143</u>	<u>-</u>	<u>138,549</u>	<u>384,692</u>
<u>14,964</u>	<u>990</u>	<u>(41,999)</u>	<u>(26,045)</u>
-	-	138,553	138,553
-	(1,200)	-	(1,200)
<u>-</u>	<u>(1,200)</u>	<u>138,553</u>	<u>137,353</u>
14,964	(210)	96,554	111,308
343,710	21,309	150,978	515,997
<u>\$ 358,674</u>	<u>\$ 21,099</u>	<u>\$ 247,532</u>	<u>\$ 627,305</u>

City of Rye, New York
Cable TV Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Non-property taxes	\$ 225,000	\$ 225,000	\$ 257,894	\$ 32,894
Use of money and property	11,000	11,000	5,690	(5,310)
Miscellaneous	<u>24,600</u>	<u>74,600</u>	<u>74,412</u>	<u>(188)</u>
Total Revenues	<u>260,600</u>	<u>310,600</u>	<u>337,996</u>	<u>27,396</u>
EXPENDITURES				
Current -				
Culture and Recreation:				
Salaries and wages	120,616	120,616	110,159	10,457
Equipment	43,599	369,903	93,018	276,885
Materials and supplies	16,072	16,447	13,417	3,030
Contractual costs	42,090	38,383	12,333	26,050
Employee benefits	<u>33,990</u>	<u>37,322</u>	<u>34,736</u>	<u>2,586</u>
Total Expenditures	<u>256,367</u>	<u>582,671</u>	<u>263,663</u>	<u>319,008</u>
Excess (Deficiency) of Revenues Over Expenditures	4,233	(272,071)	74,333	346,404
Fund Balance - Beginning of Year	<u>(4,233)</u>	<u>272,071</u>	<u>358,674</u>	<u>86,603</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,007</u>	<u>\$ 433,007</u>

2007

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 218,000	\$ 218,000	\$ 246,085	\$ 28,085
12,000	12,000	13,211	1,211
<u>24,600</u>	<u>24,600</u>	<u>1,811</u>	<u>(22,789)</u>
<u>254,600</u>	<u>254,600</u>	<u>261,107</u>	<u>6,507</u>
117,026	117,026	104,604	12,422
28,891	88,891	79,133	9,758
13,822	13,822	7,165	6,657
46,333	53,133	28,136	24,997
<u>32,980</u>	<u>32,980</u>	<u>27,105</u>	<u>5,875</u>
<u>239,052</u>	<u>305,852</u>	<u>246,143</u>	<u>59,709</u>
15,548	(51,252)	14,964	66,216
<u>(15,548)</u>	<u>51,252</u>	<u>343,710</u>	<u>292,458</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358,674</u>	<u>\$ 358,674</u>

City of Rye, New York
K.T. Woods Permanent Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES				
Use of money and property	\$ 850	\$ 850	\$ 412	\$ (438)
EXPENDITURES				
Current -				
Culture and Recreation -				
Contractual costs	<u>-</u>	<u>1,486</u>	<u>1,486</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	850	(636)	(1,074)	(438)
OTHER FINANCING USES - Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	850	(636)	(1,074)	(438)
Fund Balance (Deficit) - Beginning of Year	<u>(850)</u>	<u>636</u>	<u>21,099</u>	<u>20,463</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,025</u>	<u>\$ 20,025</u>

2007

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
\$ 1,000	\$ 1,000	\$ 990	\$ (10)
-	-	-	-
1,000	1,000	990	(10)
<u>(1,200)</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>-</u>
(200)	(200)	(210)	(10)
<u>200</u>	<u>200</u>	<u>21,309</u>	<u>21,109</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,099</u>	<u>\$ 21,099</u>

City of Rye, New York
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES - Use of money and property	\$ 60,000	\$ 60,000	\$ 32,632	\$ (27,368)
EXPENDITURES				
Debt Service:				
Principal	71,144	71,144	71,144	-
Interest	138,188	117,272	68,387	48,885
Total Expenditures	209,332	188,416	139,531	48,885
Deficiency of Revenues Over Expenditures	(149,332)	(128,416)	(106,899)	21,517
OTHER FINANCING SOURCES (USES)				
Transfers in	139,532	139,532	139,532	-
Transfers out	-	(20,916)	(20,916)	-
Total Other Financing Sources (Uses)	139,532	118,616	118,616	-
Net Change in Fund Balance	(9,800)	(9,800)	11,717	21,517
Fund Balance - Beginning of Year	9,800	9,800	247,532	237,732
Fund Balance - End of Year	\$ -	\$ -	\$ 259,249	\$ 259,249

2007

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,550</u>	<u>\$ 96,550</u>
67,079	67,079	67,079	-
<u>71,474</u>	<u>71,474</u>	<u>71,470</u>	<u>4</u>
<u>138,553</u>	<u>138,553</u>	<u>138,549</u>	<u>4</u>
<u>(138,553)</u>	<u>(138,553)</u>	<u>(41,999)</u>	<u>96,554</u>
138,553	138,553	138,553	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>138,553</u>	<u>138,553</u>	<u>-</u>
-	-	96,554	96,554
-	-	150,978	150,978
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,532</u>	<u>\$ 247,532</u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds of the City are as follows:

- The Risk Retention Fund is used to account for general liability insurance and risk management activities.
- The Building and Vehicle Maintenance Fund is used to account for the acquisition, operation, maintenance and disposition of the City's buildings and vehicles which are not otherwise accounted for in other funds.

City of Rye, New York
Internal Service Funds
Combining Statement of Net Assets
December 31, 2008
(With Comparative Amounts for 2007)

	2008		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
ASSETS			
Current Assets:			
Cash and equivalents	\$ -	\$ 57,419	\$ 57,419
Investments	574,098	2,988,711	3,562,809
Accounts receivable	28,749	1,104	29,853
Deposits	28,500	-	28,500
Due from other funds	-	-	-
Due from other governments	-	42,388	42,388
Prepaid expenses	56,424	13,605	70,029
Total Current Assets	<u>687,771</u>	<u>3,103,227</u>	<u>3,790,998</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and equivalents	-	261,967	261,967
Investments	-	1,089,807	1,089,807
Total Restricted Assets	<u>-</u>	<u>1,351,774</u>	<u>1,351,774</u>
Capital Assets:			
Land	-	5,321,814	5,321,814
Buildings	-	11,610,334	11,610,334
Improvements	-	3,846,994	3,846,994
Machinery and equipment	-	9,158,532	9,158,532
Construction in progress	-	8,032,659	8,032,659
Less - Accumulated depreciation	-	(8,959,430)	(8,959,430)
Total Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>29,010,903</u>	<u>29,010,903</u>
Total Noncurrent Assets	<u>-</u>	<u>30,362,677</u>	<u>30,362,677</u>
Total Assets	<u>687,771</u>	<u>33,465,904</u>	<u>34,153,675</u>

2007		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ -	\$ 613,962	\$ 613,962
497,571	2,310,461	2,808,032
-	16,285	16,285
-	-	-
-	300,485	300,485
-	44,022	44,022
152,926	50,841	203,767
<u>650,497</u>	<u>3,336,056</u>	<u>3,986,553</u>
-	1,645,033	1,645,033
-	161,619	161,619
-	<u>1,806,652</u>	<u>1,806,652</u>
-	5,321,814	5,321,814
-	10,446,627	10,446,627
-	3,667,044	3,667,044
-	8,941,459	8,941,459
-	8,457,039	8,457,039
-	<u>(7,971,651)</u>	<u>(7,971,651)</u>
-	28,862,332	28,862,332
-	30,668,984	30,668,984
<u>650,497</u>	<u>34,005,040</u>	<u>34,655,537</u>

(Continued)

City of Rye, New York
Internal Service Funds
Combining Statement of Net Assets (Continued)
December 31, 2008
(With Comparative Amounts for 2007)

	2008		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	5,040	93,359	98,399
Accrued liabilities	223,000	1,119	224,119
Accrued interest payable	-	605,489	605,489
Retainage payable	-	154,225	154,225
Due to other funds	-	622,775	622,775
Compensated absences	-	7,096	7,096
Current liabilities payable from restricted assets:			
Bonds payable	-	800,758	800,758
Installment purchase contract	-	288,462	288,462
Total Current Liabilities	228,040	2,573,283	2,801,323
Noncurrent Liabilities:			
Bonds payable	-	13,294,288	13,294,288
Installment purchase contract	-	4,292,494	4,292,494
Compensated absences	-	63,867	63,867
Other postemployment benefit obligations	-	213,823	213,823
Total Noncurrent Liabilities	-	17,864,472	17,864,472
Total Liabilities	228,040	20,437,755	20,665,795
NET ASSETS			
Invested in capital assets, net of related debt	-	11,686,675	11,686,675
Unrestricted	459,731	1,341,474	1,801,205
Total Net Assets	\$ 459,731	\$ 13,028,149	\$ 13,487,880

2007		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
1,200	205,489	206,689
355,000	55,442	410,442
-	402,045	402,045
-	200,737	200,737
-	1,085,994	1,085,994
-	6,863	6,863
-	773,856	773,856
-	275,793	275,793
<u>356,200</u>	<u>3,006,219</u>	<u>3,362,419</u>
-	14,095,046	14,095,046
-	4,580,955	4,580,955
-	61,763	61,763
-	-	-
-	<u>18,737,764</u>	<u>18,737,764</u>
<u>356,200</u>	<u>21,743,983</u>	<u>22,100,183</u>
-	10,943,334	10,943,334
294,297	1,317,723	1,612,020
<u>\$ 294,297</u>	<u>\$ 12,261,057</u>	<u>\$ 12,555,354</u>

City of Rye, New York
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 564,000	\$ 3,829,037	\$ 4,393,037
Miscellaneous	4,312	44,948	49,260
Total Operating Revenues	<u>568,312</u>	<u>3,873,985</u>	<u>4,442,297</u>
OPERATING EXPENSES			
Salaries and wages	-	653,057	653,057
Employee benefits	-	556,170	556,170
Materials and supplies	-	989,841	989,841
Contractual costs	412,231	206,424	618,655
Depreciation	-	1,137,553	1,137,553
Total Operating Expenses	<u>412,231</u>	<u>3,543,045</u>	<u>3,955,276</u>
Operating Income (Loss)	<u>156,081</u>	<u>330,940</u>	<u>487,021</u>
NON-OPERATING REVENUES (EXPENSES)			
Gain on sale of equipment	-	30,672	30,672
Interest income	9,353	51,913	61,266
Interest expense	-	(541,433)	(541,433)
Total Non-Operating Revenues (Expenses)	<u>9,353</u>	<u>(458,848)</u>	<u>(449,495)</u>
Income (Loss) Before Transfers	165,434	(127,908)	37,526
Transfers in	-	895,000	895,000
Transfers out	-	-	-
Change in Net Assets	165,434	767,092	932,526
Net Assets - Beginning of Year	<u>294,297</u>	<u>12,261,057</u>	<u>12,555,354</u>
Net Assets - End of Year	<u>\$ 459,731</u>	<u>\$ 13,028,149</u>	<u>\$ 13,487,880</u>

2007		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 483,130	\$ 3,760,422	\$ 4,243,552
-	100,000	100,000
<u>483,130</u>	<u>3,860,422</u>	<u>4,343,552</u>
-	638,297	638,297
-	246,202	246,202
-	908,329	908,329
621,253	136,451	757,704
-	1,103,711	1,103,711
<u>621,253</u>	<u>3,032,990</u>	<u>3,654,243</u>
<u>(138,123)</u>	<u>827,432</u>	<u>689,309</u>
-	26,977	26,977
35,805	256,989	292,794
-	(603,237)	(603,237)
<u>35,805</u>	<u>(319,271)</u>	<u>(283,466)</u>
(102,318)	508,161	405,843
-	994,350	994,350
-	(317,300)	(317,300)
(102,318)	1,185,211	1,082,893
396,615	11,075,846	11,472,461
<u>\$ 294,297</u>	<u>\$ 12,261,057</u>	<u>\$ 12,555,354</u>

City of Rye, New York
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges to other funds	\$ 535,251	\$ 4,146,337	\$ 4,681,588
Cash payments to employees	-	(1,047,390)	(1,047,390)
Cash payments to vendors	(472,389)	(1,780,890)	(2,253,279)
Other operating revenues	4,312	44,948	49,260
Net Cash Provided by (Used in) Operating Activities	67,174	1,363,005	1,430,179
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	895,000	895,000
Transfers out	-	-	-
Net Cash Provided by Noncapital Financing Activities	-	895,000	895,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	-	-	-
Acquisition and construction of capital assets	-	(1,286,124)	(1,286,124)
Principal paid on capital debt	-	(1,049,648)	(1,049,648)
Interest paid on capital debt	-	(599,188)	(599,188)
Proceeds from sale of capital assets	-	30,672	30,672
Net Cash Used in Capital and Related Financing Activities	-	(2,904,288)	(2,904,288)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	9,353	313,112	322,465
Purchase of investments	(638,213)	(7,044,508)	(7,682,721)
Sale of investments	561,686	5,438,070	5,999,756
Net Cash Provided by (Used in) Investing Activities	(67,174)	(1,293,326)	(1,360,500)
Net Decrease in Cash and Equivalents	-	(1,939,609)	(1,939,609)
Cash and Equivalents, Beginning of Year	-	2,258,995	2,258,995
Cash and Equivalents, End of Year	\$ -	\$ 319,386	\$ 319,386

2007		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 483,130	\$ 3,548,180	\$ 4,031,310
-	(839,684)	(839,684)
(566,065)	(141,575)	(707,640)
-	100,000	100,000
(82,935)	2,666,921	2,583,986
-	994,350	994,350
-	(317,300)	(317,300)
-	677,050	677,050
-	-	-
-	(2,538,894)	(2,538,894)
-	(1,004,613)	(1,004,613)
-	(661,931)	(661,931)
-	26,977	26,977
-	(4,178,461)	(4,178,461)
35,805	509,886	545,691
(664,703)	(4,544,946)	(5,209,649)
711,833	4,577,699	5,289,532
82,935	542,639	625,574
-	(291,851)	(291,851)
-	2,550,846	2,550,846
\$ -	\$ 2,258,995	\$ 2,258,995

(Continued)

City of Rye, New York
Combining Statement of Cash Flows (continued)
Internal Service Funds
Year Ended December 31, 2008
(With Comparative Amounts for 2007)

	2008		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 156,081	\$ 330,940	\$ 487,021
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	1,137,553	1,137,553
(Increase) decrease in accounts receivable	(28,749)	300,485	271,736
(Increase) in deposits	(28,500)	-	(28,500)
(Increase) decrease in due from other funds	-	15,181	15,181
(Increase) decrease in due from other governments	-	1,634	1,634
(Increase) decrease in prepaid expenses	96,502	37,236	133,738
Increase (decrease) in accounts payable	3,840	(112,130)	(108,290)
Increase (decrease) in accrued liabilities	(132,000)	(54,323)	(186,323)
(Decrease) in retainage payable	-	(46,512)	(46,512)
Increase (decrease) in due to other funds	-	(463,219)	(463,219)
Increase in other post employment benefit obligations	-	213,823	213,823
Increase (decrease) in compensated absences	-	2,337	2,337
Total Adjustments	(88,907)	1,032,065	943,158
Net Cash Provided by (Used in) Operating Activities	\$ 67,174	\$ 1,363,005	\$ 1,430,179

2007		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<u>\$ (138,123)</u>	<u>\$ 827,432</u>	<u>\$ 689,309</u>
-	1,103,711	1,103,711
-	37,254	37,254
-	-	-
-	(249,410)	(249,410)
-	(86)	(86)
(6,012)	(38,390)	(44,402)
1,200	12,203	13,403
60,000	54,571	114,571
-	(93,730)	(93,730)
-	1,023,122	1,023,122
-	-	-
-	(9,756)	(9,756)
<u>55,188</u>	<u>1,839,489</u>	<u>1,894,677</u>
<u>\$ (82,935)</u>	<u>\$ 2,666,921</u>	<u>\$ 2,583,986</u>

City of Rye, New York
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Fund
Year Ended December 31, 2008

	Balance January 1, 2008	Increases	Decreases	Balance December 31, 2008
<u>ASSETS</u>				
Cash and Equivalents	\$ 38,089	\$ 16,460,757	\$ 16,454,384	\$ 44,462
Accounts Receivable	-	81,198	81,198	-
Prepaid Expenditures	-	361,397	361,397	-
Total Assets	<u>\$ 38,089</u>	<u>\$ 16,903,352</u>	<u>\$ 16,896,979</u>	<u>\$ 44,462</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 13,375	\$ 17,658,604	\$ 17,653,827	\$ 18,152
Employee Payroll Deductions	24,714	1,524,029	1,522,433	26,310
Total Liabilities	<u>\$ 38,089</u>	<u>\$ 19,182,633</u>	<u>\$ 19,176,260</u>	<u>\$ 44,462</u>

**CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL
FUNDS**

City of Rye, New York
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2008

Governmental Funds Capital Assets:

Infrastructure	\$ 59,369,893
Construction in Progress	4,791,278
Investments in Governmental Funds Capital Assets	
by Source - Capital Projects Fund	64,161,171
Less: Accumulated Depreciation	(24,375,606)
Net Book Value	<u>\$ 39,785,565</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34

City of Rye, New York
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2008

<u>Function and Activity</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Public Safety -					
Traffic signals	\$ 1,121,825	\$ 6,760	\$ 1,128,585	\$ (251,193)	\$ 877,392
Community Environment:					
Rights of way	21,301,087	-	21,301,087	-	21,301,087
Streets	12,208,336	1,302,071	13,510,407	(8,966,283)	4,544,124
Streetlights	441,162	-	441,162	(290,451)	150,711
Sidewalks	976,585	-	976,585	(764,676)	211,909
Bridges	456,605	190,761	647,366	(375,570)	271,796
Sanitary sewers	9,156,251	2,288,258	11,444,509	(6,724,712)	4,719,797
Pump stations	1,304,457	2,660	1,307,117	(275,983)	1,031,134
Storm sewers	9,212,525	1,000,768	10,213,293	(6,726,738)	3,486,555
Total Community Environment	55,057,008	4,784,518	59,841,526	(24,124,413)	35,717,113
Culture and Recreation -					
Parks and playgrounds	3,191,060	-	3,191,060	-	3,191,060
 Total Governmental Funds Capital Assets	 \$ 59,369,893	 \$ 4,791,278	 \$ 64,161,171	 \$ (24,375,606)	 \$ 39,785,565

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34

City of Rye, New York
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended December 31, 2008

Function and Activity	Governmental Governmental Funds Capital Assets	Additions	Deletions	Governmental Funds Capital Assets
	January 1			December 31
Public Safety -				
Traffic signals	\$ 1,128,585	\$ -	\$ -	\$ 1,128,585
Community Environment:				
Rights of way	21,301,087	-	-	21,301,087
Streets	12,474,542	1,035,865	-	13,510,407
Streetlights	441,162	-	-	441,162
Sidewalks	976,585	-	-	976,585
Bridges	609,217	38,149	-	647,366
Sanitary sewers	11,098,046	346,463	-	11,444,509
Pump stations	1,305,978	1,139	-	1,307,117
Storm sewers	9,560,645	652,648	-	10,213,293
Total Community Environment	57,767,262	2,074,264	-	59,841,526
Culture and Recreation -				
Parks and playgrounds	3,191,060	-	-	3,191,060
Total Governmental Funds Capital Assets	\$ 62,086,907	\$ 2,074,264	\$ -	\$ 64,161,171

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34

**STATISTICAL SECTION
(UNAUDITED)**

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:

Net Assets by Component

Changes in Net Assets

Fund Balances, Governmental Funds

Changes in Fund Balances, Governmental Funds

Tax Revenues by Source, Governmental Funds

City of Rye, New York
Net Assets by Component
Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities				
Invested in Capital Assets				
Net of Related Debt	\$ 10,986,390	\$ 11,563,341	\$ 9,480,762	\$ 13,348,301
Restricted	1,513,973	1,304,649	1,224,450	1,762,703
Unrestricted	<u>2,151,116</u>	<u>5,409,766</u>	<u>10,418,032</u>	<u>9,079,270</u>
Total Governmental Activities Net Assets	<u>14,651,479</u>	<u>18,277,756</u>	<u>21,123,244</u>	<u>24,190,274</u>
Business-Type Activities				
Invested in Capital Assets				
Net of Related Debt	7,578,822	8,100,157	8,403,111	8,450,054
Unrestricted	<u>2,283,925</u>	<u>2,171,508</u>	<u>2,499,439</u>	<u>3,265,525</u>
Total Business-Type Activities Net Assets	<u>9,862,747</u>	<u>10,271,665</u>	<u>10,902,550</u>	<u>11,715,579</u>
Primary Government				
Invested in Capital Assets				
Net of Related Debt	18,565,212	19,663,498	17,883,873	21,798,355
Restricted	1,513,973	1,304,649	1,224,450	1,762,703
Unrestricted	<u>4,435,041</u>	<u>7,581,274</u>	<u>12,917,471</u>	<u>12,344,795</u>
Total Primary Government Net Assets	<u>\$ 24,514,226</u>	<u>\$ 28,549,421</u>	<u>\$ 32,025,794</u>	<u>\$ 35,905,853</u>

(1) Includes a cumulative effect of change in accounting principle adjustment of \$30,977,163, representing the retroactive reporting of infrastructure assets.

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

<u>2006(1)</u>	<u>2007</u>	<u>2008</u>
\$ 44,227,627	\$ 45,961,185	\$ 48,067,286
1,660,467	2,849,549	2,697,494
<u>11,059,645</u>	<u>11,470,537</u>	<u>4,933,791</u>
<u>56,947,739</u>	<u>60,281,271</u>	<u>55,698,571</u>
8,450,126	8,265,309	9,073,386
<u>3,723,916</u>	<u>4,437,719</u>	<u>4,335,879</u>
<u>12,174,042</u>	<u>12,703,028</u>	<u>13,409,265</u>
52,677,753	54,226,494	57,140,672
1,660,467	2,849,549	2,697,494
<u>14,783,561</u>	<u>15,908,256</u>	<u>9,269,670</u>
<u>\$ 69,121,781</u>	<u>\$ 72,984,299</u>	<u>\$ 69,107,836</u>

City of Rye, New York
Changes in Net Assets
Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses				
Governmental Activities				
General Government	\$ 2,635,050	\$ 2,777,827	\$ 3,218,750	\$ 3,285,497
Public Safety	8,179,311	8,655,151	9,941,889	10,379,989
Community Environment	5,270,494	5,693,349	6,058,126	6,836,952
Transportation	-	-	-	-
Culture and Recreation	3,005,355	2,921,669	3,452,925	3,558,305
Home and Community Services	-	-	-	-
Interest	<u>77,783</u>	<u>105,133</u>	<u>159,129</u>	<u>333,563</u>
Total Governmental Activities	<u>19,167,993</u>	<u>20,153,129</u>	<u>22,830,819</u>	<u>24,394,306</u>
Business-Type Activities				
Marina	369,746	413,260	454,340	446,916
Golf	<u>3,488,578</u>	<u>3,608,415</u>	<u>3,819,458</u>	<u>4,115,177</u>
Total Business-Type Activities	<u>3,858,324</u>	<u>4,021,675</u>	<u>4,273,798</u>	<u>4,562,093</u>
Total Expenses	<u>23,026,317</u>	<u>24,174,804</u>	<u>27,104,617</u>	<u>28,956,399</u>
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	120,593	426,171	457,581	471,658
Public Safety	508,397	617,244	664,726	663,007
Community Environment	1,286,827	1,804,053	1,726,572	2,020,307
Transportation	-	-	-	-
Culture and Recreation	1,126,616	870,472	976,130	1,009,128
Home and Community Services	-	-	-	-
Operating Grants and Contributions	267,488	404,662	253,947	455,106
Capital Grants and Contributions	<u>258,808</u>	<u>434,307</u>	<u>588,967</u>	<u>314,854</u>
Total Governmental Activities	<u>3,568,729</u>	<u>4,556,909</u>	<u>4,667,923</u>	<u>4,934,060</u>
Business-Type Activities				
Charges for Services				
Marina	474,292	482,094	493,151	542,397
Golf	3,901,304	3,922,787	4,371,899	4,723,373
Capital Grants and Contributions	<u>19,500</u>	-	-	-
Total Business-Type Activities	<u>4,375,596</u>	<u>4,404,881</u>	<u>4,865,050</u>	<u>5,265,770</u>
Total Program Revenues	<u>7,944,325</u>	<u>8,961,790</u>	<u>9,532,973</u>	<u>10,199,830</u>

<u>2006</u>	<u>2007</u>	<u>2008(1)</u>
\$ 3,513,365	\$ 4,287,175	\$ 4,852,832
11,259,005	10,763,060	14,573,551
8,181,719	8,215,438	-
-	-	5,105,678
3,693,298	3,700,558	4,201,625
-	-	5,177,171
552,544	725,075	657,980
<u>27,199,931</u>	<u>27,691,306</u>	<u>34,568,837</u>
468,524	481,837	589,804
<u>5,306,207</u>	<u>6,814,432</u>	<u>6,972,985</u>
<u>5,774,731</u>	<u>7,296,269</u>	<u>7,562,789</u>
<u>32,974,662</u>	<u>34,987,575</u>	<u>42,131,626</u>
489,375	505,926	743,220
647,446	578,807	1,850,529
2,205,360	2,446,351	-
-	-	920,145
999,740	1,088,198	1,071,017
-	-	149,862
375,595	660,091	359,038
<u>410,390</u>	<u>622,728</u>	<u>398,386</u>
<u>5,127,906</u>	<u>5,902,101</u>	<u>5,492,197</u>
633,083	576,693	565,473
5,378,934	6,990,360	7,264,208
-	3,826	317,500
<u>6,012,017</u>	<u>7,570,879</u>	<u>8,147,181</u>
<u>11,139,923</u>	<u>13,472,980</u>	<u>13,639,378</u>

(continued)

City of Rye, New York
Changes in Net Assets
Last Seven Fiscal Years (Continued)

	2002	2003	2004	2005
Net (Expense)/Revenue				
Governmental Activities	(15,599,264)	(15,596,220)	(18,162,896)	(19,460,246)
Business-Type Activities	517,272	383,206	591,252	703,677
Total Net Expense	<u>(15,081,992)</u>	<u>(15,213,014)</u>	<u>(17,571,644)</u>	<u>(18,756,569)</u>
General Revenues				
Governmental Activities				
Real Property Taxes	11,949,060	14,222,097	15,528,286	16,141,660
Non-Property Taxes	1,760,063	1,817,378	2,143,838	2,266,922
Unrestricted Use of Money and Property	183,635	178,353	220,459	565,843
Gain on Sale of Equipment	57,795	31,675	39,655	29,135
State Aid	2,255,963	2,618,191	3,003,658	3,451,841
Other Revenues	80,747	354,803	72,488	71,875
Total Governmental Activities	<u>16,287,263</u>	<u>19,222,497</u>	<u>21,008,384</u>	<u>22,527,276</u>
Business-Type Activities				
Unrestricted Use of Money and Property	42,472	25,712	32,633	109,352
Gain on Sale of Equipment	-	-	7,000	-
Total Business-Type Activities	<u>42,472</u>	<u>25,712</u>	<u>39,633</u>	<u>109,352</u>
Total General Revenues	<u>16,329,735</u>	<u>19,248,209</u>	<u>21,048,017</u>	<u>22,636,628</u>
Change in Net Assets				
Governmental Activities	687,999	3,626,277	2,845,488	3,067,030
Business-Type Activities	559,744	408,918	630,885	813,029
Total Change in Net Assets	<u>\$ 1,247,743</u>	<u>\$ 4,035,195</u>	<u>\$ 3,476,373</u>	<u>\$ 3,880,059</u>

(1) Beginning in 2008, amounts previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

<u>2006</u>	<u>2007</u>	<u>2008(1)</u>
(22,072,025)	(21,789,205)	(29,076,640)
<u>237,286</u>	<u>274,610</u>	<u>584,392</u>
<u>(21,834,739)</u>	<u>(21,514,595)</u>	<u>(28,492,248)</u>

16,987,781	17,838,489	18,331,970
2,327,161	2,622,734	2,643,066
1,137,777	1,195,960	490,398
33,270	26,977	30,672
3,324,440	3,415,249	2,941,169
<u>41,899</u>	<u>23,327</u>	<u>56,665</u>
<u>23,852,328</u>	<u>25,122,736</u>	<u>24,493,940</u>

221,177	254,376	121,845
<u>-</u>	<u>-</u>	<u>-</u>
<u>221,177</u>	<u>254,376</u>	<u>121,845</u>

<u>24,073,505</u>	<u>25,377,112</u>	<u>24,615,785</u>
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1,780,303	3,333,531	(4,582,700)
<u>458,463</u>	<u>528,986</u>	<u>706,237</u>
<u>\$ 2,238,766</u>	<u>\$ 3,862,517</u>	<u>\$ (3,876,463)</u>

City of Rye, New York
Fund Balances, Governmental Funds
Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Reserved	\$ 1,490,877	\$ 2,053,180	\$ 2,611,046	\$ 2,487,324
Unreserved	<u>4,079,729</u>	<u>5,858,284</u>	<u>7,035,140</u>	<u>8,568,860</u>
Total General Fund	<u>5,570,606</u>	<u>7,911,464</u>	<u>9,646,186</u>	<u>11,056,184</u>
All Other Governmental Funds				
Reserved	842,411	693,275	330,232	544,315
Unreserved, Reported In				
Special Revenue Fund	147,620	164,065	166,993	248,138
Permanent Fund	13,891	11,206	-	4,303
Debt Service Fund	-	-	-	-
Capital Projects Fund	<u>(2,132,392)</u>	<u>(2,398,472)</u>	<u>774,522</u>	<u>1,023,769</u>
Total All Other Governmental Funds	<u>(1,128,470)</u>	<u>(1,529,926)</u>	<u>1,271,747</u>	<u>1,820,525</u>
Total Governmental Funds	<u>\$ 4,442,136</u>	<u>\$ 6,381,538</u>	<u>\$ 10,917,933</u>	<u>\$ 12,876,709</u>

Note: Data presented for the last seven fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,387,761	\$ 3,523,898	\$ 3,264,302
<u>9,674,609</u>	<u>9,785,973</u>	<u>7,736,075</u>
<u>12,062,370</u>	<u>13,309,871</u>	<u>11,000,377</u>
1,596,362	1,921,268	2,036,376
324,758	336,911	191,558
1,309	1,099	25
-	9,800	139,356
<u>(845,230)</u>	<u>(1,476,029)</u>	<u>(3,301,577)</u>
<u>1,077,199</u>	<u>793,049</u>	<u>(934,262)</u>
<u>\$ 13,139,569</u>	<u>\$ 14,102,920</u>	<u>\$ 10,066,115</u>

City of Rye, New York
Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years

	2002	2003	2004	2005
Revenues				
Real Property Taxes	\$ 11,965,741	\$ 14,190,747	\$ 15,551,738	\$ 16,197,588
Non-Property Taxes	1,915,819	1,984,833	2,334,151	2,470,665
Charges for Services	874,140	1,240,414	1,054,741	1,180,052
Intergovernmental Charges	69,664	69,139	72,775	76,274
Use of Money and Property	203,349	169,772	211,200	482,446
Licenses and Permits	1,125,708	1,293,981	1,390,634	1,630,044
Fines and Forfeitures	446,831	500,773	553,320	540,247
Sale of Property and Compensation for Loss	54,458	63,122	129,600	123,939
Interfund Revenues	303,900	406,574	418,249	404,099
State Aid	2,602,098	3,062,010	3,321,831	3,772,275
Federal Aid	29,828	102,599	15,255	95,935
Miscellaneous	159,505	537,434	113,568	295,813
Total Revenues	19,751,041	23,621,398	25,167,062	27,269,377
Expenditures				
Current				
General Government	2,677,305	2,618,241	2,916,473	3,063,887
Public Safety	8,255,601	8,720,495	9,831,702	10,373,012
Community Services	5,252,387	5,732,532	6,142,100	6,692,938
Transportation	-	-	-	-
Culture and Recreation	2,982,172	2,967,291	3,499,177	3,559,300
Home and Community Services	-	-	-	-
Debt Service				
Principal	85,141	83,590	41,525	43,752
Interest	59,109	60,465	56,745	54,717
Capital Outlay				
General Government	34,335	64,597	4,808	8,000
Public Safety	137,262	424,102	12,423	68,369
Community Services	-	-	-	-
Transportation	1,587,269	490,775	852,713	518,722
Culture and Recreation	64,619	124,538	-	-
Home and Community Services	-	-	-	-
Total Expenditures	21,135,200	21,286,626	23,357,666	24,382,697
Excess (Deficiency) of Revenues Over Expenditures	(1,384,159)	2,334,772	1,809,396	2,886,680
Other Financing Sources (Uses)				
Bonds issued	-	-	-	560,000
Transfers In	1,211,153	1,004,745	3,923,255	657,707
Transfers Out	(1,577,823)	(1,400,115)	(1,196,256)	(2,145,611)
Total Other Financing Sources (Uses)	(366,670)	(395,370)	2,726,999	(927,904)
Net Change in Fund Balances	\$ (1,750,829)	\$ 1,939,402	\$ 4,536,395	\$ 1,958,776
Debt Service as a Percentage of Non-Capital Expenditures	0.75%	0.71%	0.44%	0.41%

(1) Beginning in 2008, amounts previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

Note: Data presented for the last seven fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

2006	2007	2008
\$ 16,966,643	\$ 17,849,808	\$ 18,272,135
2,550,088	2,868,819	2,900,960
1,372,495	1,282,324	1,329,874
69,235	73,656	77,799
912,595	1,021,617	473,566
1,628,357	2,035,050	1,730,742
533,102	477,209	583,026
89,282	67,234	108,962
413,628	430,025	432,050
3,664,263	3,816,573	3,328,874
121,880	450,127	47,002
234,618	189,884	210,007
<u>28,556,186</u>	<u>30,562,326</u>	<u>29,494,997</u>

3,346,840	3,670,968	4,333,767
11,281,346	10,984,670	12,890,879
7,237,352	7,257,244	-
-	-	3,177,429
3,720,422	3,770,058	4,101,417
-	-	4,478,333
64,534	67,079	71,144
73,700	71,470	137,993
6,789	27,980	13,496
199,687	16,877	30,401
1,398,098	3,055,579	2,337,444
69,983	-	-
-	-	1,064,499
<u>27,398,751</u>	<u>28,921,925</u>	<u>32,636,802</u>

<u>1,157,435</u>	<u>1,640,401</u>	<u>(3,141,805)</u>
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-	-	-
854,202	3,384,328	2,274,360
<u>(1,748,777)</u>	<u>(4,061,378)</u>	<u>(3,169,360)</u>
<u>(894,575)</u>	<u>(677,050)</u>	<u>(895,000)</u>

<u>\$ 262,860</u>	<u>\$ 963,351</u>	<u>\$ (4,036,805)</u>
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0.54%	0.54%	0.72%
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City of Rye, New York
Tax Revenues by Source, Governmental Funds
Last Seven Fiscal Years

Fiscal Year	Real Property Taxes	Sales and Use Taxes	Hotel Occupancy Taxes	Utilities Gross Receipts Taxes	Mortgage Taxes	Total
2002	11,965,741	1,472,398	-	287,665	1,413,357	15,139,161
2003	14,190,747	1,475,182	-	342,196	1,775,585	17,783,710
2004	15,551,738	1,801,366	-	342,472	2,161,052	19,856,628
2005	16,197,589	1,908,845	-	358,077	2,389,053	20,853,564
2006	16,966,642	1,957,187	-	369,974	2,084,125	21,377,928
2007	17,849,808	2,079,744	200,303	342,687	2,141,475	22,614,017
2008	18,272,135	2,050,610	177,338	415,119	1,629,182	22,544,384

Source: Comprehensive Annual Financial Report for each respective fiscal year

Note: Data presented for the last seven fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. These schedules include:

Assessed Valuation, State Equalization Rate
and Estimated Full Value of Real Property

Property Tax Rates per \$1,000 Assessed Valuation -
All Direct and Overlapping Governments

Principal Taxpayers

Property Tax Levies and Collections

Constitutional Tax Limit

City of Rye, New York
Assessed Valuation, State Equalization Rate, and Estimated Full Value of Real Property
Last Ten Fiscal Years

Year	One-Three Family Residential	Condos Co-ops & Apt. Bldgs.	Business (1)	Other (2)	Total Gross Assessed Valuation
1999	\$ 100,344,705	\$ 9,566,481	\$ 23,656,790	\$ 26,840,742	\$ 160,408,718
2000	101,107,660	9,496,991	23,651,790	27,558,371	161,814,812
2001	102,112,685	9,497,691	23,357,440	27,565,398	162,533,214
2002	103,426,835	9,432,278	23,412,453	27,151,410	163,422,976
2003	104,744,885	9,432,278	23,227,968	27,328,014	164,733,145
2004	105,620,685	9,432,278	22,828,518	26,707,568	164,589,049
2005	107,282,955	9,267,278	22,101,168	26,657,528	165,308,929
2006	108,596,155	9,113,041	22,080,105	26,536,484	166,325,785
2007	110,420,885	9,161,821	22,040,490	26,366,361	167,989,557
2008	111,523,385	9,147,881	21,869,050	25,815,312	168,355,628

(1) Includes commercial, industrial, and recreational facilities.

(2) Includes agriculture, vacant land, community service, utility, wetland and parkland, most of which is tax-exempt.

(3) A single direct property tax rate applies to all classes of real property.

Note: Assessed values are established by the City Assessor on September 15th of the prior year and includes Special Franchise Assessments as established by the New York State Board of Equalization and Assessment. For instance, assessed values for fiscal 2008 were established on September 15, 2007.

<u>Exemptions</u>	<u>Total Taxable Assessed Valuation</u>	<u>Direct Tax Rate (3)</u>	<u>Estimated Actual Full Value</u>	<u>Taxable Value as a Percentage of Full Value</u>
\$ (30,137,625)	\$ 130,271,093	\$ 74	\$ 2,403,525,701	5.42%
(30,255,710)	131,559,102	76.44	2,811,091,923	4.68%
(30,100,915)	132,432,299	78.05	3,153,149,976	4.20%
(30,038,848)	133,384,128	88.18	3,519,370,132	3.79%
(30,058,974)	134,674,171	103.55	4,725,409,509	2.85%
(30,014,099)	134,574,950	113.41	5,097,535,985	2.64%
(29,428,082)	135,880,847	116.80	5,246,364,749	2.59%
(29,376,708)	136,949,077	122.39	5,827,620,298	2.35%
(29,587,882)	138,401,675	127.24	6,407,484,954	2.16%
(29,282,510)	139,073,118	131.49	7,059,549,137	1.97%

City of Rye, New York
Property Tax Rates per \$1,000 Assessed Valuation - All Direct and Overlapping Governments
Last Ten Fiscal Years

Year	City of Rye		Rye City School District		Rye Neck Union Free School District		Westchester County	
							Westchester County	Refuse Disposal District
1999	\$	73.72	\$	248.71	\$	-	\$	91.91
		73.72		-		330.87		91.91
2000		76.44		270.25		-		89.90
		76.44		-		361.20		89.90
2001		78.05		302.32		-		86.95
		78.05		-		410.73		86.95
2002		88.18		335.00		-		91.72
		88.18		-		412.71		91.72
2003		103.55		373.81		-		104.80
		103.55		-		451.69		104.80
2004		113.41		396.52		-		133.71
		113.41		-		528.05		133.71
2005		116.80		416.92		-		124.09
		116.80		-		529.10		124.09
2006		122.39		441.85		-		130.43
		122.39		-		528.51		130.43
2007		127.24		463.92		-		134.06
		127.24		-		575.62		134.06
2008		131.49		490.55		-		141.43
		131.49		-		626.45		141.43

Source: City of Rye Comptroller's Office

Blind Brook Sewer District	Mamaroneck Sewer District	Water District No. 4	Total County	Total with Rye City School District	Total with Rye Neck Union Free School District
\$ 13.83 -	\$ - 17.54	\$ - -	\$ 118.36 122.07	\$ 440.79 -	\$ - 526.66
13.70 -	- 16.74	- -	116.27 119.31	462.96 -	- 556.95
14.05 -	- 15.80	- -	114.02 115.77	494.39 -	- 604.55
14.04 -	- 15.97	- -	119.16 121.09	542.34 -	- 621.98
14.68 -	- 16.01	- -	134.10 135.43	611.46 -	- 690.67
17.05 -	- 17.96	- -	167.01 167.92	676.94 -	- 809.38
17.51 -	- 17.82	- -	156.71 157.03	690.44 -	- 802.93
19.68 -	- 19.87	- -	165.35 165.54	729.59 -	- 816.44
20.56 -	- 23.14	- -	169.65 172.23	760.81 -	- 875.09
20.90 -	- 23.92	- -	175.94 178.96	797.98 -	- 936.90

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City of Rye, New York
Principal Taxpayers
December 31, 2008 and 1999

2008

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Miriam Osborn Memorial Home	Retirement Community	\$ 3,257,100	2.34%
2	Consolidated Edison	Public Utility	2,852,812	2.05%
3	The Gateside - Rye Co.	Office Building	879,300	0.63%
4	Parsonage Investment Co.	Residential	808,900	0.58%
5	Milton Harbor House	Cooperative	770,550	0.55%
6	Rye Colony Apartments	Cooperative	738,250	0.53%
7	BU 055 Westchester	Public Utility	616,374	0.44%
8	Host Restaurants Inc.	Hotel	549,550	0.40%
9	American Yacht Club	Private Club	542,550	0.39%
10	Blind Brook Lodge	Cooperative	537,692	0.39%
	Total		<u>\$ 11,553,078</u>	<u>8.30%</u>

1999

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,409,860	2.62%
2	Miriam Osborn Memorial Home	Retirement Community	2,212,300	1.70%
3	The Gateside-Rye Co.	Office Building	1,008,550	0.77%
4	Parsonage Investment Co.	Residential	971,900	0.75%
5	Milton Harbor House	Cooperative	963,200	0.74%
6	NY American Water Co.	Public Utility	924,118	0.71%
7	New York Investment	Office Building	816,250	0.63%
8	Principle Mutual Life Co.	Office Building	770,300	0.59%
9	Rye Colony Apartments	Cooperative	738,250	0.57%
10	Zubrik, Nadja Olga	Cooperative	725,700	0.56%
	Total		<u>\$ 12,540,428</u>	<u>9.64%</u>

Source: City of Rye Assessor's Office.

City of Rye, New York
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Uncollected within the Fiscal Year of the Levy</u>		<u>Collected in Subsequent Years</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
1999	\$ 9,593,156	\$ 9,564,026	99.70%	\$ 29,130	0.30%	\$ 27,696
2000	10,028,994	9,978,031	99.49%	50,963	0.51%	49,476
2001	10,323,122	10,288,742	99.67%	34,380	0.33%	32,862
2002	11,762,076	11,721,253	99.65%	40,823	0.35%	39,108
2003	13,894,248	13,837,617	99.59%	56,631	0.41%	55,932
2004	15,254,280	15,235,508	99.88%	18,772	0.12%	18,006
2005	15,900,190	15,868,141	99.80%	32,049	0.20%	27,237
2006	16,869,097	16,787,177	99.51%	81,920	0.49%	75,011
2007	17,706,559	17,654,153	99.70%	52,406	0.30%	-
2008	18,387,932	18,318,242	99.62%	69,690	0.38%	20,628

Source: City of Rye Comptroller's Office

<u>Total Collected to Date</u>		<u>Total Uncollected to Date</u>		<u>Tax Liens</u>	<u>Percent of Tax Liens to Tax Levy</u>
<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>		
\$ 9,591,722	99.99%	\$ 1,434	0.01%	\$ 230,906	2.41%
10,027,507	99.99%	1,487	0.01%	379,136	3.78%
10,321,604	99.99%	1,518	0.01%	638,842	6.19%
11,760,361	99.99%	1,715	0.01%	643,455	5.47%
13,893,549	99.99%	699	0.01%	566,332	4.08%
15,253,514	99.99%	766	0.01%	458,255	3.00%
15,895,378	99.97%	4,812	0.03%	288,286	1.81%
16,862,188	99.96%	6,909	0.04%	186,887	1.11%
17,654,153	99.70%	52,406	0.30%	258,076	1.46%
18,338,870	99.73%	49,062	0.27%	430,138	2.34%

City of Rye, New York
Constitutional Tax Limit

Constitutional tax limit calculation, December 31, 2008:

Full valuation, last five fiscal years:

2008	\$ 7,059,549,137
2007	6,407,484,954
2006	5,827,620,298
2005	5,246,364,749
2004	<u>5,097,535,985</u>
Total full valuation, last five years	<u>29,638,555,123</u>

Five-year average full valuation	<u>5,927,711,025</u>
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Constitutional tax limit: 2% of five-year average full valuation	<u>\$ 118,554,221</u>
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Tax levy - general city purposes	\$ 18,387,932
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Total exclusions ¹	<u>9,115,049</u>
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Tax levy subject to tax limit	<u>\$ 9,272,883</u>
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Percent of constitutional tax limit exhausted	<u>7.82%</u>
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Constitutional tax margin	<u>\$ 109,281,338</u>
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Constitutional Tax Limit - Last Ten Fiscal Years

Year	Constitutional Tax Limit	Tax Levy Subject to Tax Limit	Constitutional Tax Margin	Percent Exhausted
1999	\$ 40,709,610	\$ 9,412,627	\$ 31,296,983	23.12%
2000	42,672,432	9,755,545	32,916,887	22.86%
2001	45,434,286	9,835,340	35,598,946	21.65%
2002	51,219,253	10,654,943	40,564,310	20.80%
2003	57,380,040	12,224,328	45,155,712	21.30%
2004	66,667,867	13,379,755	53,288,112	20.07%
2005	86,967,321	12,534,148	74,433,173	14.41%
2006	97,665,203	13,536,961	84,128,242	13.86%
2007	109,217,662	11,596,583	97,621,079	10.62%
2008	118,554,221	9,272,883	109,281,338	7.82%

¹ The constitutional tax limit specifically excludes debt service related to bonds and notes issued for certain specific purposes, and also excludes budgetary appropriations in the forthcoming year's budget for objects or purposes for which a period of probable usefulness is provided for in Section 11 of the New York State Local Finance Law.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type

Direct and Overlapping Governmental Activities Debt

Computation of Legal Debt Margin

Calculation of Charter Bonded Debt Limits

City of Rye, New York
Ratios of Outstanding Debt by Type
Last Seven Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Loans Payable</u>	<u>Total Outstanding Debt</u>	<u>Estimated Full Property Value</u>	<u>Percentage of Full Property Value</u>	<u>Population (1)</u>
<u>Governmental Activities</u>						
2002	\$ 11,379,500	\$ 3,100,000	\$ 14,479,500	\$ 3,519,370,132	0.41%	15,090
2003	10,855,000	2,950,000	13,805,000	4,725,409,509	0.29%	15,066
2004	12,073,013	-	12,073,013	5,097,535,985	0.24%	15,043
2005	17,941,013	-	17,941,013	5,246,364,749	0.34%	14,992
2006	17,153,013	5,120,427	22,273,440	5,827,620,298	0.38%	14,992
2007	16,345,000	4,856,748	21,201,748	6,407,484,954	0.33%	15,109
2008	15,500,000	4,580,956	20,080,956	7,059,549,137	0.28%	15,242
<u>Business-Type Activities</u>						
2002	5,000,000	-	5,000,000	3,519,370,132	0.14%	15,090
2003	5,000,000	-	5,000,000	4,725,409,509	0.11%	15,066
2004	4,610,000	-	4,610,000	5,097,535,985	0.09%	15,043
2005	4,210,000	-	4,210,000	5,246,364,749	0.08%	14,992
2006	3,975,000	-	3,975,000	5,827,620,298	0.07%	14,992
2007	3,730,000	-	3,730,000	6,407,484,954	0.06%	15,109
2008	3,470,000	-	3,470,000	7,059,549,137	0.05%	15,242
<u>Total Government-Wide</u>						
2002	16,379,500	3,100,000	19,479,500	3,519,370,132	0.55%	15,090
2003	15,855,000	2,950,000	18,805,000	4,725,409,509	0.40%	15,066
2004	16,683,013	-	16,683,013	5,097,535,985	0.33%	15,043
2005	22,151,013	-	22,151,013	5,246,364,749	0.42%	14,992
2006	21,128,013	5,120,427	26,248,440	5,827,620,298	0.45%	14,992
2007	20,075,000	4,856,748	24,931,748	6,407,484,954	0.39%	15,109
2008	18,970,000	4,580,956	23,550,956	7,059,549,137	0.33%	15,242

(1) United States Census Bureau

Note: Data presented for the last six fiscal years only, to coincide with similar periods presented on the entity-wide financial statements.

Source: City Comptroller's Office

<u>Debt Per Capita</u>	<u>Per Capita Personal Income (1)</u>	<u>Estimated Total Personal Income</u>	<u>Percentage of Estimated Total Personal Income</u>
\$ 960	\$ 76,566	\$ 1,155,380,940	1.25%
916	76,566	1,153,543,356	1.20%
803	76,566	1,151,782,338	1.05%
1,197	76,566	1,147,877,472	1.56%
1,486	76,566	1,147,877,472	1.94%
1,403	76,566	1,156,835,694	1.83%
1,317	76,566	1,167,018,972	1.72%
331	76,566	1,155,380,940	0.43%
332	76,566	1,153,543,356	0.43%
306	76,566	1,151,782,338	0.40%
281	76,566	1,147,877,472	0.37%
265	76,566	1,147,877,472	0.35%
247	76,566	1,156,835,694	0.32%
228	76,566	1,167,018,972	0.30%
1,291	76,566	1,155,380,940	1.69%
1,248	76,566	1,153,543,356	1.63%
1,109	76,566	1,151,782,338	1.45%
1,478	76,566	1,147,877,472	1.93%
1,751	76,566	1,147,877,472	2.29%
1,650	76,566	1,156,835,694	2.16%
1,545	76,566	1,167,018,972	2.02%

City of Rye, New York
Direct and Overlapping Governmental Activities Debt

	December 31, 2008		
<u>Government Unit</u>	<u>Net General Long-Term Debt</u>	<u>Percentage Applicable City of Rye</u>	<u>Amount Applicable to City of Rye</u>
City of Rye School District	\$ 38,518,419	100.00%	\$ 38,518,419
Rye Neck Union Free School District	12,999,978	30.04%	3,905,193
Westchester County	708,325,064	4.21%	29,848,896
Subtotal, Overlapping Debt			72,272,509
City Direct Debt			23,550,956
Total Direct and Overlapping Debt			<u>\$ 95,823,465</u>
Population			<u>15,242</u>
Overlapping Debt Per Capita			<u>\$ 4,742</u>
Direct and Overlapping Debt Per Capita			<u>\$ 6,287</u>

Summary of Direct and Overlapping Governmental Activities Debt
Last Seven Fiscal Years

<u>Year</u>	<u>Overlapping Debt</u>	<u>City Direct Debt</u>	<u>Direct and Overlapping Debt</u>	<u>Population</u>	<u>Overlapping Debt Per Capita</u>	<u>Direct and Overlapping Debt Per Capita</u>
2002	\$ 42,716,212	\$ 14,479,500	\$ 57,195,712	15,090	\$ 2,831	\$ 3,790
2003	42,615,261	13,805,000	56,420,261	15,066	2,829	3,745
2004	44,281,289	12,073,013	\$ 56,354,302	15,043	2,944	3,746
2005	59,230,087	17,941,013	77,171,100	14,992	3,951	5,147
2006	58,690,542	26,248,440	84,938,982	14,992	3,915	5,666
2007	56,889,611	24,931,748	81,821,359	15,109	3,765	5,415
2008	72,272,509	23,550,956	95,823,465	15,242	4,742	6,287

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Rye. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

City of Rye, New York
Computation of Legal Debt Margin
December 31, 2008

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2008	\$ 139,073,118	1.97%	\$ 7,059,549,137
2007	138,401,675	2.16%	6,407,484,954
2006	136,949,077	2.35%	5,827,620,298
2005	135,880,847	2.59%	5,246,364,749
2004	134,574,950	2.64%	5,097,535,985
Total Five Year Full Valuation			<u>29,638,555,123</u>
Five Year Average Full Valuation of Taxable Real Property			<u>5,927,711,025</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>414,939,772</u>
Outstanding Indebtedness at December 31st			23,550,956
Less: 2009 Appropriations for Debt Principal			<u>1,217,116</u>
Net Indebtedness Subject to Debt Limit			<u>22,333,840</u>
Net Debt Contracting Margin			<u>\$ 392,605,932</u>
Percentage of Net Debt Contracting Margin Available			<u>94.62%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>5.38%</u>

Last Ten Fiscal Years						
Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less Appropriations for Debt Principal	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
1999	\$ 143,080,821	\$ 7,610,000	\$ 521,000	\$ 7,089,000	\$ 135,991,821	95.05%
2000	156,120,004	10,570,000	555,000	10,015,000	146,105,004	93.59%
2001	172,784,523	11,980,000	640,000	11,340,000	161,444,523	93.44%
2002	194,347,279	16,729,500	874,500	15,855,000	178,492,279	91.84%
2003	232,575,661	15,855,000	880,000	14,975,000	217,600,661	93.56%
2004	270,250,344	15,377,425	1,022,652	14,354,773	255,895,571	94.69%
2005	304,385,625	22,151,013	1,019,974	21,131,039	283,254,586	93.06%
2006	341,828,209	26,248,440	1,092,221	25,156,219	316,671,990	92.64%
2007	382,261,817	24,931,748	1,173,948	23,757,800	358,504,017	93.78%
2008	414,939,772	23,550,956	1,217,116	22,333,840	392,605,932	94.62%

City of Rye, New York
Calculation of Charter Bonded Debt Limits
December 31, 2008

In addition to the legal debt margin, the City Charter places limitations on the issuance of new debt (see Section C21-9 of the City of Rye Code). The City Council can authorize the issuance of debt not exceeding 5% of the average gross annual budget for the preceding three years. Debt exceeding 5% but not in excess of 10% is subject to a permissive referendum. Debt in excess of 10% requires approval of the voting public in a general or special election.

In addition to other exemptions, the City Charter provides a limited exemption of \$1 million per year to an aggregate maximum outstanding of \$2.5 million, for debt issued for public safety purposes.

For purposes of this calculation, "gross annual budget" is defined as the combined total appropriations of all funds of the City, less any interfund service charges and interfund transfers.

Fund:	Gross Annual Budgets (As Adopted)		
	2006	2007	2008
General Fund	\$22,661,429	\$23,881,157	\$ 25,011,391
Cable TV Fund	218,953	223,149	244,541
Debt Service Fund	141,614	138,553	209,332
Capital Projects Fund	2,610,000	1,137,000	5,652,000
Boat Basin Fund	499,188	516,346	549,908
Golf Club Fund	4,614,813	7,194,518	7,424,277
Risk Retention Fund	632,630	616,600	604,000
Building and Vehicle Maintenance Fund	4,959,528	5,153,154	5,536,930
Total gross annual budgets	<u>\$36,338,155</u>	<u>\$38,860,477</u>	<u>\$ 45,232,379</u>
Total of preceding three years' gross annual budgets			<u>\$ 120,431,011</u>
Average of preceding three years' gross annual budgets			<u>\$ 40,143,670</u>
	Subject to City Council Vote	Subject to Permissive Referendum	Public Safety Exemption
Maximum charter bonding limit	\$ 2,007,184	\$ 4,014,367	\$ 2,500,000
Less outstanding principal at December 31, 2008:			
2000 Serial Bonds	(248,669)	(802,393)	-
2001 Serial Bonds	(416,082)	(152,317)	-
2002 Serial Bonds	-	(734,392)	-
2005 Serial Bonds	-	(144,394)	(430,492)
Charter bonding limit December 31, 2008	<u>\$ 1,342,433</u>	<u>\$ 2,180,871</u>	<u>\$ 2,069,508</u>

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules include:

Demographic and Economic Statistics

City of Rye, New York
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ¹	Median Age ²	Per Capita Income ²	Median Household Income ²	Median Family Income ²	Median Residential Home Value ³	Unemployment Rate ⁴
1999	15,176	N/A	46,038	69,695	86,126	648,000	3.4%
2000	14,982	38.1	76,566	110,894	133,231	700,000	3.4%
2001	15,042	38.1	76,566	110,894	133,231	790,000	3.8%
2002	15,090	38.1	76,566	110,894	133,231	900,000	4.6%
2003	15,066	38.1	76,566	110,894	133,231	950,000	4.6%
2004	15,043	38.1	76,566	110,894	133,231	1,070,000	4.5%
2005	14,992	38.1	76,566	110,894	133,231	1,225,000	4.1%
2006	14,992	38.1	76,566	110,894	133,231	1,179,000	3.7%
2007	15,109	38.1	76,566	110,894	133,231	1,455,000	3.7%
2008	15,242	38.1	76,566	110,894	133,231	1,460,000	5.7%

Sources:

¹ United States Census Bureau.

² United States Census Bureau 1990 and 2000 Census. Median Age data not available for 1990 through 1999.

³ City of Rye Assessor's office. 2008 median based on sales through mid-November 2008.

⁴ United States Bureau of Labor Statistics unemployment rates for Westchester County not seasonally adjusted.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. These schedules include:

Principal Employers

Full-Time Equivalent Employees by Program

Operating Indicators by Program

Capital Asset Statistics by Program

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City of Rye, New York
Principal Employers
Fiscal Year Ended December 31, 2004¹

Employer	Industry	Number of Employees
Playland	Amusement Park	596
Osborne Retirement Home	Retirement Community	480
Avon Products	Retail Cosmetics	400
Rye City School District	Education	377
Lynch Interactive Corp.	Telecommunications	328
Apawamis Club	Private Club	200
Shenorock Shore Club	Private Club	200
Mobius Management Systems Inc.	Computer Technology	175
Rye Country Day School	Education	160
Lillian Vernon Corp	Catalog and Mail Order Sales	150

¹ No data available prior to or after fiscal 2004. No data on total employment available.

Source: Westchester County Planning Department

City of Rye, New York
Full-Time Equivalent Employees by Program
Last Ten Fiscal Years

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Community Environment (1)</u>	<u>Transportation (1)</u>	<u>Culture and Recreation</u>
1999	20	58	51	n/a	35
2000	29	57	55	n/a	21
2001	30	61	57	n/a	24
2002	21	62	61	n/a	26
2003	20	63	64	n/a	26
2004	21	62	64	n/a	23
2005	20	62	64	n/a	25
2006	18	61	65	n/a	23
2007	21	61	64	n/a	21
2008	30	64	n/a	16	22

(1) Beginning in 2008, employees previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

Source: Annual City Budget

Home and Community Svs (1)	Total
-------------------------------	-------

n/a	164
n/a	162
n/a	172
n/a	170
n/a	173
n/a	170
n/a	171
n/a	167
n/a	167
34	166

City of Rye, New York
Operating Indicators by Program
Last Ten Fiscal Years

	1999	2000	2001	2002
General Government				
Primary elections	1	2	-	1
General elections	1	1	1	1
Special elections	1	-	-	2
Public Safety				
Number of police personnel and officers	40	40	44	45
Number of police calls for service	8,000	4,329	13,800	15,896
Number of parking violations issued	7,206	7,350	9,692	8,594
Number of paid firefighters	16	17	17	17
Number of volunteer firefighters	201	201	201	201
Number of fire alarms answered	711	767	868	867
Number of fire inspections performed	468	469	474	342
Number of school crossing guards	65	7	7	7
Home & Community Services				
Tons collected and disposed				
Solid waste	8,199	7,641	7,641	6,811
Green waste	N/A	544	1,684	1,903
Metal	192	192	235	226
Pulp	1,749	2,067	1,936	1,939
Co-mingled	552	557	631	601
Leaves	450	450	450	450
Wood chips	N/A	N/A	N/A	N/A
Number of tires collected and disposed	N/A	18	12	8
Number of shade trees				
Planted	37	31	30	27
Removed	75	42	77	55
Trimmed	235	500	181	383
Emergency calls	15	22	25	190
Stumps ground	N/A	N/A	N/A	62
Culture and Recreation				
Registrations for adult programs	718	953	976	1,078
Number of building users	24,625	24,125	28,556	30,500
Picnics	4,581	4,163	5,009	4,048
Registrations for senior citizen programs	1,257	2,111	3,180	3,408
Registrations for special events	5,686	5,569	5,798	6,372
Tennis permits issued	1,136	488	490	435
Registrations for youth programs	2,581	2,492	3,198	3,125
Registrations for youth sports	2,694	2,949	3,301	3,825

Note: "N/A" indicates data not available.

Sources: Departmental annual reports to the City Manager.

2003	2004	2005	2006	2007	2008
1	2	1	1	1	1
1	1	1	1	1	1
-	1	1	1	1	-
45	45	45	44	44	44
15,314	14,758	14,446	12,923	12,182	14,004
10,050	8,595	9,684	8,209	9,300	12,739
18	17	17	17	17	17
200	200	200	200	200	225
839	803	882	1,068	1,150	855
441	503	428	356	428	442
8	8	8	8	8	8
6,735	7,153	6,891	7,010	7,419	5,836
824	1,060	975	1,245	3,006	3,199
195	213	175	328	194	155
1,964	1,906	1,878	1,867	1,864	1,934
585	588	609	608	665	770
450	450	N/A	1,470	N/A	N/A
N/A	N/A	N/A	1,194	N/A	N/A
9	4	3	2	2	4
37	41	31	42	55	115
41	51	93	164	235	239
361	183	420	160	379	468
90	50	160	284	55	86
38	88	26	162	139	154
1,109	1,219	1,058	1,086	1,170	1,402
38,065	39,000	38,705	40,000	42,000	44,031
4,069	6,497	5,429	5,859	5,833	4,103
3,564	3,740	3,430	3,489	6,410	7,445
5,540	5,876	5,937	6,881	6,006	5,051
508	529	437	453	425	412
3,189	3,652	3,771	3,817	4,747	5,486
4,058	4,197	4,275	4,838	5,012	4,727

City of Rye, New York
Capital Asset Statistics by Program
Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Government				
Number of general government buildings	1	1	1	1
Public Safety				
Number of police stations	1	1	1	1
Number of fire stations	2	2	2	2
Number of traffic lights	22	22	22	22
Transportation				
Miles of streets	71	71	71	71
Number of street lights	2,105	2,105	2,105	2,105
Culture and Recreation				
Number of recreation centers	1	1	1	1
Number of parks	3	3	3	3
Acres of parks	75	75	75	75
Number of golf courses	1	1	1	1
Number of swimming pools	1	1	1	1
Number of nature centers	1	1	1	1
Number of cable television channels	2	2	2	2
Number of boat basin slips	398	412	412	412
Home and Community Services				
Miles of sanitary sewers	53	53	53	53
Number of pump stations	6	6	6	6
Miles of storm drains	30	30	30	30

Source: Various City Departments

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
23	23	23	23	23	23
71	71	71	71	71	71
2,105	2,105	2,105	2,105	2,105	2,105
1	1	1	1	1	1
3	3	3	3	3	3
75	75	75	75	75	75
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
412	412	412	412	412	412
53	53	53	53	53	53
6	6	6	6	6	6
30	30	30	30	30	30